

CITY OF CENTER  
Center, Texas

ANNUAL FINANCIAL REPORT

September 30, 2022

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CITY OF CENTER, TEXAS  
PRINCIPAL CITY OFFICIALS  
September 30, 2022

GOVERNING BODY

Honorable David Chadwick, Mayor

CITY COUNCIL

Leigh Porterfield - Mayor Pro-Tem

Joyce Johnson - District 1

Jerry Lathan - District 2

Howell Howard - District 3

Randy Collard - District 4

Terry Scull - At Large

OTHER PRINCIPAL OFFICIALS

Chad Nehring ..... City Manager  
Esther Elizondo..... City Secretary  
Seth Elmore ..... City Attorney

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Center  
Center, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Center, as of and for the year ended September 30, 2022, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Center, as of September 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other 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 component unit financial statements, combining nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Axley & Rode LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
April 24, 2023



## Management's Discussion and Analysis

As management of the City of Center, Texas, we offer readers of the City of Center's financial statements this narrative overview and analysis of the financial activities of the City of Center (City) for the fiscal year ended September 30, 2022.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a total net position of \$35,366,593 which is an increase of \$3,553,035 (*net position*).
- Governmental activities change in net position increased \$2,641,556 to \$22,767,605 mostly from additional capital assets.
- The City's governmental funds reported combined ending fund balances of \$5,116,421 an increase of \$574,700 from the prior year of \$4,541,721, mostly as a result of using cash assets for capital projects combined with grant revenues.
- The fund balance for the general fund was \$3,101,811 or 58.9% of total general fund expenditures and increased \$579,732 during this fiscal year.
- The Water and Sewer Fund operating revenues exceeded expenses resulting in operating income of \$1,448,750 and the fund increased net position by \$932,116 to \$12,117,603 due to minimal capital investment.
- Combined Business Activities increased Net Position by \$911,479 to \$12,598,988.
- The combined non-major governmental funds experienced an increase in fund balance of \$141,138 to \$1,936,956 primarily in Debt Service, Hotel/Motel funds and American Rescue Plan grant funds.
- The 4B Street Improvements for Economic Development is shown as a component unit of the City. The annual street program is recorded as an expense \$582,928 in the Governmental Funds so that the asset can be recorded.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Center's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, culture and recreation, planning and community development, sanitation and public facilities. The business-type activities of the City include water and sewer utility services.

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

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

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

The City of Center maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds, including the Debt Service Fund, is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and special revenue funds - Trust Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

**Proprietary Funds.** The City maintains two proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer utility and Sanitation services *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer utility and sanitation services, which are considered to be a major funds of the City of Center.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Center's progress in funding its obligations to provide retirement benefits to its employees. This required supplementary information can be found after the notes to financial statements of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$35,366,593 at the close of fiscal year 2022. This represents an increase of \$3,553,035 from the 2021 net position of \$31,813,558.

By far the largest portion of the City's assets (\$27,653,798), 78.2%, reflects its net investment in capital assets (e.g., land, buildings, vehicles and equipment), less the outstanding balance of related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Center'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 capital assets themselves cannot be used to liquidate these liabilities. This year's net position values indicate increases because of acquisition and construction of assets through the Capital Projects Fund.

### City of Center's Combined Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 6 702 694	\$ 6 194 567	\$ 3 113 724	\$ 3 100 434	\$ 9 816 418	\$ 9 295 001
Capital assets (net of depreciation)	26 119 579	25 340 771	15 608 547	15 369 214	41 728 126	40 709 985
Total Assets	33 517 352	31 535 338	18 722 271	18 469 648	52 655 197	50 004 986
Deferred outflow	527 661	749 808	186 786	240 092	714 447	994 952
Long-term liabilities outstanding	8 288 942	8 918 616	5 320 011	5 711 793	13 608 953	14 630 409
Other liabilities	1 286 080	1 653 151	958 566	941 651	2 244 646	2 594 802
Total Liabilities	9 575 022	10 571 767	6 278 577	6 653 444	15 853 599	17 225 211
Deferred inflow	1 702 386	1 587 330	447 066	368 787	2 149 452	1 956 117
Net Position:						
Net Investment in capital assets	17 560 251	16 036 490	10 093 547	9 552 964	27 653 798	25 589 454
Restricted	2 014 610	2 019 642	709 427	999 259	2 724 037	3 018 901
Unrestricted	3 192 744	2 069 917	1 796 014	1 135 286	4 988 758	3 205 203
Total Net Position	\$ 22 767 605	\$ 20 126 049	\$ 12 598 988	\$ 11 687 509	\$ 35 366 593	\$ 31 813 558

Deferred inflow in Governmental Activities is inclusive of pledges made for Portacool Park and the Softball Complex.

An additional portion of the City's net position, \$2,724,037 (7.8%), represents resources that are subject to external restrictions on how they may be used.

Values for newly constructed, major infrastructure (i.e. streets, drainage) are included in the value of capital assets.

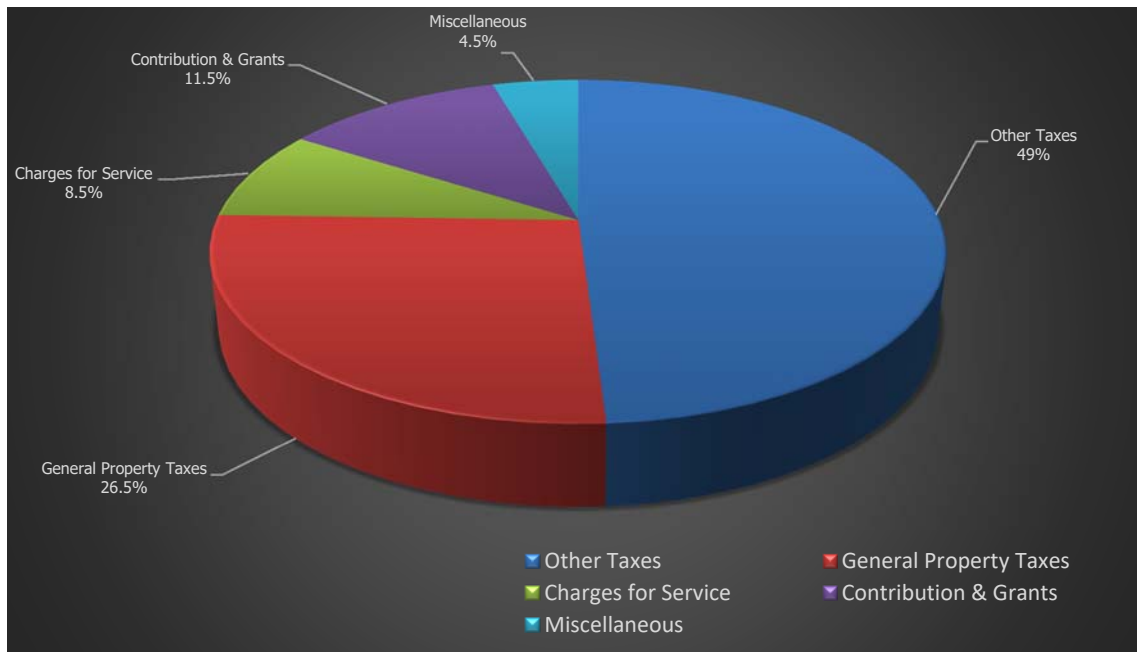
### City of Center's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	\$ 640 319	\$ 467 044	\$ 6 215 266	\$ 5 530 901	\$ 6 855 585	\$ 5 997 945
Operating grants and contributions	865 759	1 006 034	593 828	-	1 459 587	1 006 034
Capital grants and contributions	-	86 652	-	-	-	86 652
General Revenues:						
Property taxes	1 985 002	1 839 751	-	-	1 985 002	1 839 751
Other taxes	3 682 986	3 473 591	-	-	3 682 986	3 473 591
Other	330 055	457 499	23 870	6 629	353 925	464 128
Total Revenues	7 504 121	7 330 571	6 832 964	5 537 530	14 337 085	12 868 101
Expenses:						
General government	1 275 439	1 192 309	-	-	1 275 439	1 192 309
Public safety	2 482 501	2 622 901	-	-	2 482 501	2 622 901
Community services	1 227 532	1 291 138	-	-	1 227 532	1 291 138
Streets and drainage	879 607	1 287 671	-	-	879 607	1 287 671
Sanitation	-	-	1 520 969	1 390 028	1 520 969	1 390 028
Inspections	83 010	57 857	-	-	83 010	57 857
Interest on long-term debt	214 060	277 732	-	-	214 060	277 732
Water and sewer	-	-	3 683 922	3 535 266	3 683 882	3 535 266
Total Expenses	6 162 149	6 729 608	5 204 894	4 925 294	11 367 040	11 654 902
Transfers	1 299 584	2 296 067	(716 594)	(634 249)	582 990	1 661 818
Increase (decrease) in net position	2 641 556	2 897 030	911 479	(22 013)	3 553 035	2 875 017
Net Position, Ending	\$ 22 767 605	\$ 20 126 115	\$ 12 598 988	\$ 11 687 509	\$ 35 366 593	\$ 31 813 624

**Governmental Activities.** Governmental activities increased the City of Center's net position by \$2,641,556. Key elements of this increase are as follows:

- Governmental Fund revenues exceeded expenditures by \$2,641,556. This is mostly from grants and improved sales tax receipts.
- Governmental Expenses decreased \$567,459 from prior year expenses due the capitalization of expenses.

### Revenues by Source - All Governmental Activities



**Proprietary Funds.** The City of Center's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities (Utilities and Sanitation Departments) but in more detail.

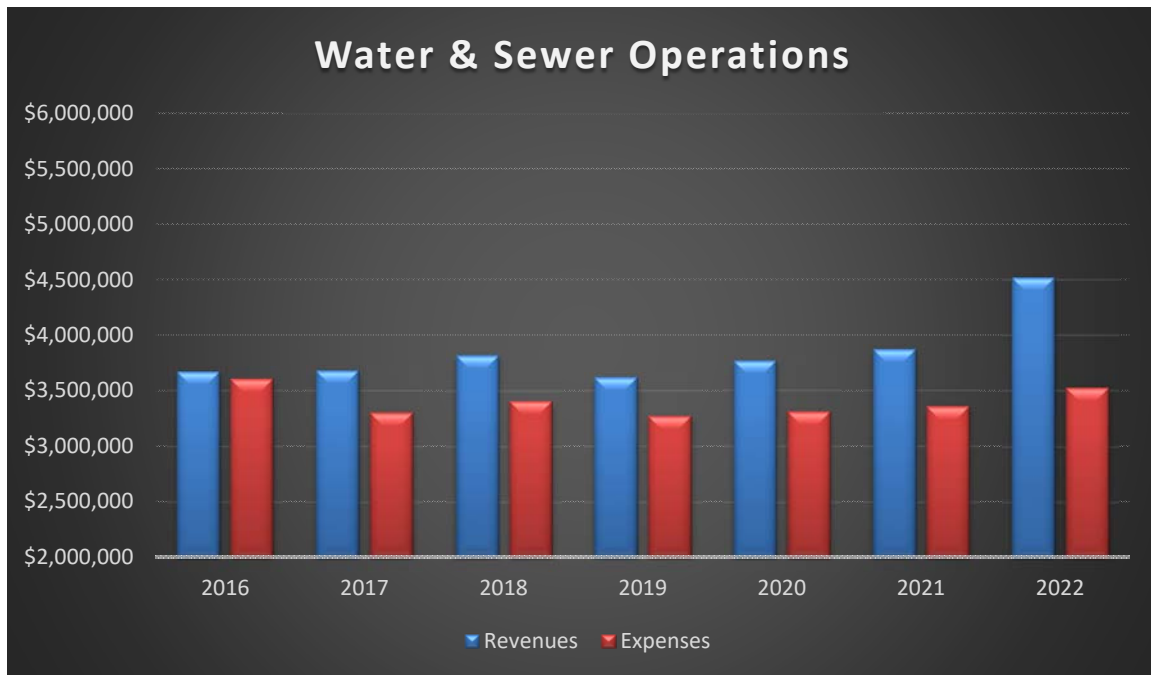
**Business-Type Activities.** Business-type activities increased the total government's net position by \$911,479. Key elements of this change are as follows:

- Operating revenues increased \$1,295,614 to \$6,832,964 from \$5,537,350.
- Operating expenses increased \$279,597 to \$5,204,891 from \$4,925,294.
- Operating revenues exceeded expenses resulting in Net Operating Income of \$1,169,528.



- Including non-operating expenses, primarily costs of debt and transfers, Change in Net Position is \$911,479. Transfers includes transfers to the General Fund, Debt Fund, Technology Fund, and Capital Improvement Fund.

### Operating Revenues and Expenses - Business-type Activities



As a component of Total Net Position, the Unrestricted Net Position of the Proprietary Funds at the end of the current fiscal year is \$1,796,014. Other factors concerning these funds have been addressed in the discussion of the City's business-type activities.

**Internal Service Funds.** The City operates two Internal Service Funds: the Technology Fund and Equipment Replacement Fund. The Technology Fund was fully capitalized in FY 2018 by transfers from the General and Utility Funds. The Equipment Replacement Fund was created in FY 2018 and was fully capitalized in FY 2019. The net position for the Equipment Replacement Fund increased by \$241,086 from \$537,742 to \$778,828. The Technology Fund net position increased by \$73,780 from \$255,142 to \$328,922.

### Financial Analysis of the Government's Funds

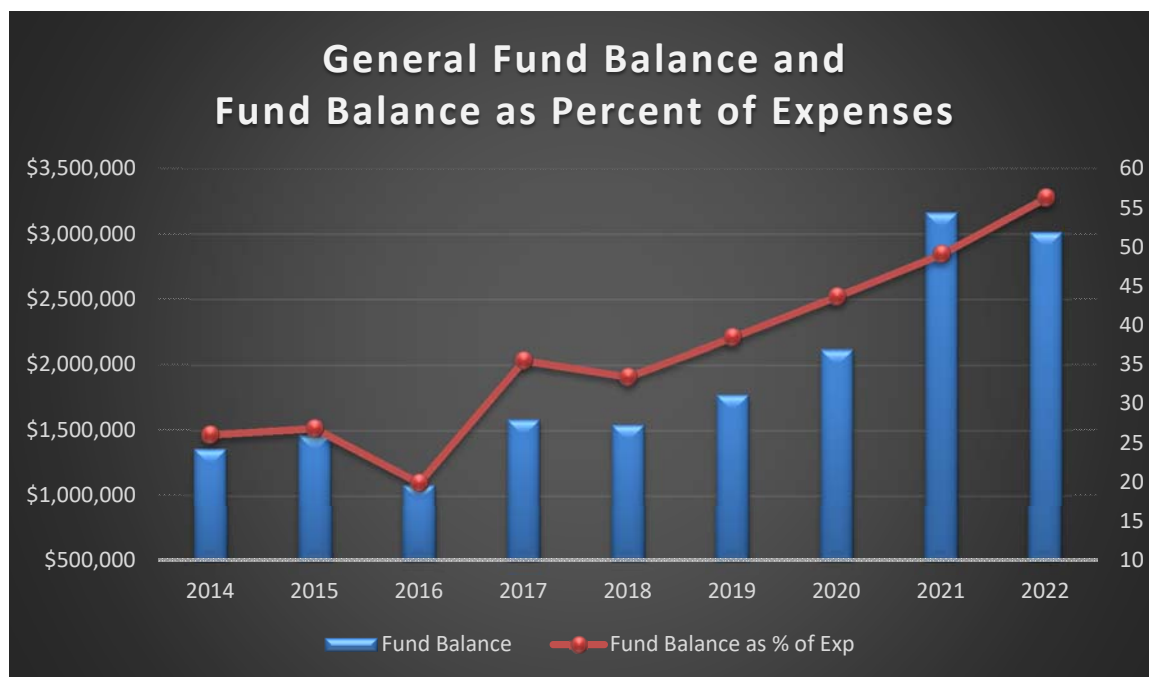
As noted earlier, the City of Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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, *unreserved fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Center's governmental funds reported combined ending fund balances of \$5,116,421, an increase of \$574,700 from the prior year. Approximately 59.9% of this total amount, \$3,012,880, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remaining 40.1% of fund balance is *restricted* to indicate that it is not available for spending because it has already been committed and dedicated to 1) pay debt service, 2) for perpetual trust 3) for capital projects or 4) grant projects.

The general fund is the chief operating fund of the City of Center. At the end of the current fiscal year, total general fund balance was \$3,101,811. The fund balance of the City's general fund increased by \$579,732 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 58.9% of total general fund operational expenditures. The City Council established a minimum fund balance policy of 25.0% of annual expenditures.

## General Fund Budgetary Highlights



The General Fund accounts for the primary operations of the City and a budget comparison is provided.

A review of the final amended budget compared to actual revenues/expenditures presents a number of variances. Total revenues increased from the budget by \$221,994. Total expenditures decreased from the budget by \$109,951.

### Capital Asset and Debt Administration

**Capital Assets.** The City of Center's investment in capital assets for its governmental and business-type activities amounts to \$41,728,126 (net of accumulated depreciation) at the end of the current fiscal year increasing from last year's amount of \$40,709,985. This investment in capital assets includes land, buildings, improvements, vehicles and equipment. Due to the size of the City, past asset valuations for major infrastructure (streets, bridges, drainage, etc.) are not required to comply with reporting requirements, however beginning in fiscal year 2004, the City began prospectively accumulating values for these major capital assets.

#### City of Center's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 73 072	\$ 73 072	\$ 665 250	\$ 665 250	\$ 738 322	\$ 738 322
Buildings	6 134 104	6 304 350	-	-	6 134 104	6 304 350
Improvements other than buildings	4 095 054	3 794 570	-	-	4 095 054	3 794 570
Machinery and equipment	1 321 739	1 085 202	702 664	611 215	2 024 403	1 696 417
Buildings and systems	-	-	13 377 686	13 931 605	13 377 686	13 931 605
Infrastructure	12 968 127	12 564 372	-	-	12 968 127	12 564 372
Construction in progress	1 527 483	1 519 205	862 947	161 144	2 390 430	1 680 349
<b>TOTAL</b>	<b>\$ 26 119 579</b>	<b>\$ 25 340 771</b>	<b>\$ 15 608 547</b>	<b>\$ 15 369 214</b>	<b>\$ 41 728 126</b>	<b>\$ 40 709 985</b>

**Long-Term Debt.** At the end of the current fiscal year, the City of Center had total bonded debt outstanding of \$13,640,000, a decrease from last year's total bonded debt of \$14,625,000. All is backed by the full faith and credit of the government.

**Notes Payable.** Notes payable includes a note by the City's Tax Increment Reinvestment Zone Fund to the Center Economic Development Corporation in 2011.

#### City of Center's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 8 125 000	\$ 8 808 750	\$ 5 515 000	\$ 5 816 250	\$ 13 640 000	\$ 14 625 000
Compensated absences	139 375	123 671	55 545	44 291	194 920	167 962
Notes payable	434 328	265 556	-	-	434 328	265 556
<b>TOTAL</b>	<b>\$ 8 698 703</b>	<b>\$ 9 197 977</b>	<b>\$ 5 570 545</b>	<b>\$ 5 860 541</b>	<b>\$ 14 269 248</b>	<b>\$ 15 058 518</b>

The City of Center's debt issuance rating by Moody's was upgraded in 2007 from a rating of "Baa2" to a rating of "A2". This pertains to the current debt issuances for general obligation and any other bonded debt. This rating was reaffirmed by Moody's in 2018 and 2022.

As a Home Rule City, the City of Center, Texas is not limited by law in the amount of debt it may issue. However, the City's Debt Management Policy limits total ad valorem supported outstanding debt to 4% of the taxable base. Utility Fund debt service is limited to 20% of Utility Fund expenditures.

Additional information on the City's long-term debt can be found in note 3. D. of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate as of August 2022 for Shelby County, according to Texas Workforce Commission statistics, is 4.1%. The unemployment rates for August 2022, according to the Texas Workforce Commission, are 3.9% for the State of Texas and 5.0% for the Deep East Texas Region.
- The City's total state sales tax receipts, including the 62.5% for governmental purposes and the two Economic Development Corporations, for the current fiscal year, totaled \$4,010,099 an increase of \$224,801 or 5.9% from the previous year \$3,785,298. This primarily reflects a return of oil and gas industry activities in the region.
- Economic trends in the area are stabilizing relative to state and national indices and trends.

All of these factors were considered in preparing the City of Center's budget for the 2023 fiscal year.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, P. O. Box 1744, 617 Tenaha Street, City of Center, Texas, 75935-1744.

## FINANCIAL STATEMENTS

CITY OF CENTER, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2022

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS- TYPE	TOTAL	COMPONENT
	ACTIVITIES	ACTIVITIES		UNITS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1 089 776	\$ 491 075	\$ 1 580 851	\$ 22 713
Investments	4 487 226	1 446 122	5 933 348	4 385 200
Receivables	1 050 506	536 398	1 586 904	380 517
Prepaid expenses	88 931	-	88 931	-
Inventories	75 161	128 696	203 857	-
Due from other funds	25	-	25	-
Restricted Assets:				
Cash and cash equivalents	-	511 433	511 433	-
Investments	-	197 994	197 994	-
Pension asset	606 148	217 580	823 728	-
Capital assets (net of accumulated depreciation)	26 119 579	15 608 547	41 728 126	289 530
<b>TOTAL ASSETS</b>	<b>33 517 352</b>	<b>19 137 845</b>	<b>52 655 197</b>	<b>5 077 960</b>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflow - Pension	188 317	67 597	255 914	-
Deferred outflow - OPEB	32 345	9 385	41 730	-
Deferred outflow - Subsequent contribution - Pension	301 263	108 140	409 403	-
Deferred outflow - Subsequent contribution - OPEB	5 736	1 664	7 400	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>527 661</b>	<b>186 786</b>	<b>714 447</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>34 045 013</b>	<b>19 324 631</b>	<b>53 369 644</b>	<b>5 077 960</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	223 821	407 195	631 016	150 996
Accrued liabilities	67 876	14 618	82 494	-
Due to other funds	-	25	25	-
Accrued interest payable	31 219	20 258	51 477	-
Premium on bond issue	348 461	-	348 461	-
Customer deposits payable	-	206 470	206 470	-
Due within one year	614 703	310 000	924 703	-
Noncurrent Liabilities:				
Due in more than one year	7 944 625	5 205 000	13 149 625	-
Accrued compensated absences	139 375	55 545	194 920	-
OPEB liabilities	204 942	59 466	264 408	-
<b>TOTAL LIABILITIES</b>	<b>9 575 022</b>	<b>6 278 577</b>	<b>15 853 599</b>	<b>150 996</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflows - Pension	1 236 352	443 795	1 680 147	-
Deferred inflows - OPEB	11 271	3 271	14 542	-
Unavailable revenues	454 763	-	454 763	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>1 702 386</b>	<b>447 066</b>	<b>2 149 452</b>	<b>-</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>11 277 408</b>	<b>6 725 643</b>	<b>18 003 051</b>	<b>150 996</b>
<b>NET POSITION</b>				
Net investment in capital assets	17 560 251	10 093 547	27 653 798	289 530
Restricted for:				
Debt service	136 267	-	136 267	-
Grants	1 639 209	-	1 639 209	-
Capital projects	77 654	709 427	787 081	-
Perpetual care	161 480	-	161 480	-
Unrestricted	3 192 744	1 796 014	4 988 758	4 637 434
<b>TOTAL NET POSITION</b>	<b>\$ 22 767 605</b>	<b>\$ 12 598 988</b>	<b>\$ 35 366 593</b>	<b>\$ 4 926 964</b>

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

CITY OF CENTER, TEXAS  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 1 275 439	\$ 358 567	\$ 201 926	\$ -
Public safety	2 482 501	14 662	81 242	-
Community services	1 227 532	240 205	108 811	-
Streets and drainage	879 607	-	473 780	-
Inspections	83 010	26 885	-	-
Interest on long-term debt	214 060	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>6 162 149</u>	<u>640 319</u>	<u>865 759</u>	<u>-</u>
Business-Type Activities:				
Water and sewer fund	3 683 922	4 517 688	593 828	-
Sanitation fund	1 520 969	1 697 578	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>5 204 891</u>	<u>6 215 266</u>	<u>593 828</u>	<u>-</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 11 367 040</u>	 <u>\$ 6 855 585</u>	 <u>\$ 1 459 587</u>	 <u>\$ -</u>
Component Units:				
Economic Development	\$ 121 638	\$ -	\$ -	\$ -
Economic Development Street Improvement	31 648	-	-	-
Local Government Housing Corp	2 560	-	-	-
TOTAL COMPONENT UNITS	<u>\$ 155 846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel taxes				
Other taxes and permits				
Fines and fees				
Unrestricted investment earnings				
Other unrestricted revenue				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
Net position - Beginning				
NET POSITION - ENDING				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	ECONOMIC DEVELOPMENT CORPORATIONS
\$ (714 946)	\$ -	\$ (714 946)	\$ -
(2 386 597)	-	(2 386 597)	-
(878 516)	-	(878 516)	-
(405 827)	-	(405 827)	-
(56 125)	-	(56 125)	-
(214 060)	-	(214 060)	-
(4 656 071)	-	(4 656 071)	-
-	1 427 594	1 427 594	-
-	176 609	176 609	-
-	1 604 203	1 604 203	-
(4 656 071)	1 604 203	(3 051 868)	-
-	-	-	(121 638)
-	-	-	(31 648)
-	-	-	(2 560)
-	-	-	(155 846)
1 985 002	-	1 985 002	-
2 506 312	-	2 506 312	1 503 787
717 528	-	717 528	-
391 537	-	391 537	-
67 609	-	67 609	-
230 213	-	230 213	-
37 533	21 082	58 615	29 183
62 309	2 788	65 097	8 847
1 299 584	(716 594)	582 990	(582 990)
7 297 627	(692 724)	6 604 903	958 827
2 641 556	911 479	3 553 035	802 981
20 126 049	11 687 509	31 813 558	4 123 983
\$ 22 767 605	\$ 12 598 988	\$ 35 366 593	\$ 4 926 964

CITY OF CENTER, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2022

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 133 874	\$ 18 357	\$ 928 766	\$ 1 080 997
Investments	2 720 156	59 397	1 081 253	3 860 806
Receivables (Net of Uncollectibles):				
Taxes	238 970	-	-	238 970
Accounts	-	-	222 450	222 450
Court fines receivable	223 514	-	-	223 514
Governmental agencies	201 232	-	-	201 232
Sundry	83 145	-	-	83 145
Leases	81 195	-	-	81 195
Due from other funds	73 546	-	500	74 046
Prepaid expenses	88 931	-	-	88 931
Inventories	75 161	-	-	75 161
<b>TOTAL ASSETS</b>	<b>\$ 3 919 724</b>	<b>\$ 77 754</b>	<b>\$ 2 232 969</b>	<b>\$ 6 230 447</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 198 878	\$ -	\$ 2 795	\$ 201 673
Accrued liabilities	66 605	-	547	67 152
Due to other funds	500	100	73 421	74 021
<b>TOTAL LIABILITIES</b>	<b>265 983</b>	<b>100</b>	<b>76 763</b>	<b>342 846</b>
<b>Deferred Inflows:</b>				
Unavailable revenue	551 930	-	219 250	771 180
<b>TOTAL DEFERRED INFLOWS</b>	<b>551 930</b>	<b>-</b>	<b>219 250</b>	<b>771 180</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid expense	88 931	-	-	88 931
Inventory	75 161	-	-	75 161
<b>Restricted for:</b>				
Debt service	-	-	136 267	136 267
Grants	-	-	1 639 209	1 639 209
Other purposes	-	77 654	161 480	239 134
<b>Unassigned:</b>				
General fund	2 937 719	-	-	2 937 719
<b>TOTAL FUND BALANCES</b>	<b>3 101 811</b>	<b>77 654</b>	<b>1 936 956</b>	<b>5 116 421</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 3 919 724</b>	<b>\$ 77 754</b>	<b>\$ 2 232 969</b>	
<b>Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:</b>				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				25 364 380
An internal service fund is used for equipment acquisition and replacement. The governmental funds' share of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position				1 107 750
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds				316 417
Long-term liabilities, including bonds, pensions, and other post-employment benefits, are not due and in the current period and, therefore, are not reported in the funds				(9 137 363)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>				<b>\$ 22 767 605</b>

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



CITY OF CENTER, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2022

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
General property taxes	\$ 1 333 375	\$ -	\$ 638 364	\$ 1 971 739
Other local taxes and permits	3 257 456	-	425 530	3 682 986
Fines and fees	216 525	-	13 688	230 213
Charges for services	330 205	-	125 198	455 403
Contributions and grants	128 341	329 900	407 518	865 759
Miscellaneous	11 897	-	23 095	34 992
TOTAL REVENUES	<u>5 277 799</u>	<u>329 900</u>	<u>1 633 393</u>	<u>7 241 092</u>
Expenditures:				
General government	1 377 646	-	-	1 377 646
Public safety	2 599 649	-	1 001	2 600 650
Community services	743 106	-	580 052	1 323 158
Streets and drainage	453 555	-	432 886	886 441
Inspections	88 153	-	-	88 153
Capital outlay	-	476 638	-	476 638
Debt Service:				
Principal	-	-	743 825	743 825
Interest and fiscal charges	-	-	278 668	278 668
TOTAL EXPENDITURES	<u>5 262 109</u>	<u>476 638</u>	<u>2 036 432</u>	<u>7 775 179</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>15 690</u>	<u>(146 738)</u>	<u>(403 039)</u>	<u>(534 087)</u>
Other Financing Sources (Uses):				
Interest income	23 837	568	9 798	34 203
Transfers in	715 104	-	781 558	1 496 662
Transfers (out)	(174 899)	-	(247 179)	(422 078)
TOTAL OTHER FINANCING SOURCES (USES)	<u>564 042</u>	<u>568</u>	<u>544 177</u>	<u>1 108 787</u>
NET CHANGE IN FUND BALANCES	579 732	(146 170)	141 138	574 700
Fund balances at beginning of year	<u>2 522 079</u>	<u>223 824</u>	<u>1 795 818</u>	<u>4 541 721</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3 101 811</u>	<u>\$ 77 654</u>	<u>\$ 1 936 956</u>	<u>\$ 5 116 421</u>

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

CITY OF CENTER, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balances - Total governmental funds	\$ 574 700
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	420 595
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13 263
Internal service net revenues are reported with governmental activities and the expenses not recovered through user charges are allocated to the participating funds.	314 866
The issuance of long-term debt (e.g., bonds, notes, and pension and other post provides current employment benefits) financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debts and other related items.	<u>1 318 132</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>2 641 556</u></u>

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

CITY OF CENTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2022

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 407 118	\$ 83 957	\$ 491 075	\$ 7 780	\$ 999
Investments	1 087 954	358 168	1 446 122	289 766	336 654
Receivables (Net):					
Accounts	335 007	177 479	512 486	-	-
Sundry	23 912	-	23 912	-	-
Inventories	128 696	-	128 696	-	-
TOTAL CURRENT ASSETS	1 982 687	619 604	2 602 291	297 546	337 653
Noncurrent Assets:					
Restricted cash	511 433	-	511 433	-	-
Restricted investments	197 994	-	197 994	-	-
Pension asset	217 580	-	217 580	-	-
Capital Assets:					
Land	665 250	-	665 250	-	-
Utility systems	33 562 734	-	33 562 734	-	-
Equipment	3 822 116	17 422	3 839 538	1 489 465	-
Construction in progress	862 947	-	862 947	-	-
Less accumulated depreciation	(23 304 500)	(17 422)	(23 321 922)	(734 266)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	15 608 547	-	15 608 547	755 199	-
TOTAL NONCURRENT ASSETS	16 535 554	-	16 535 554	755 199	-
TOTAL ASSETS	18 518 241	619 604	19 137 845	1 052 745	337 653
<b>DEFERRED OUTFLOWS</b>					
Deferred outflow - Pension	67 597	-	67 597	-	-
Deferred outflow - Subsequent contributions pensions	108 140	-	108 140	-	-
Deferred outflow - OPEB	9 385	-	9 385	-	-
Deferred outflow - Subsequent contributions OPEB	1 664	-	1 664	-	-
TOTAL DEFERRED OUTFLOWS	186 786	-	186 786	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	18 705 027	619 604	19 324 631	1 052 745	337 653
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	268 976	138 219	407 195	14 141	8 007
Accrued expense	14 618	-	14 618	-	724
Due to other funds	25	-	25	-	-
Debt payable - Current	310 000	-	310 000	36 755	-
Accrued interest payable	20 258	-	20 258	1 286	-
Customer deposits payable	206 470	-	206 470	-	-
TOTAL CURRENT LIABILITIES	820 347	138 219	958 566	52 182	8 731
Noncurrent Liabilities:					
Compensated absences	55 545	-	55 545	-	-
OPEB liability	59 466	-	59 466	-	-
Long term debt payable	5 205 000	-	5 205 000	221 735	-
TOTAL NONCURRENT LIABILITIES	5 320 011	-	5 320 011	221 735	-
TOTAL LIABILITIES	6 140 358	138 219	6 278 577	273 917	8 731
<b>DEFERRED INFLOWS</b>					
Deferred inflow - Pension	443 795	-	443 795	-	-
Deferred inflow - OPEB	3 271	-	3 271	-	-
TOTAL DEFERRED INFLOWS	447 066	-	447 066	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	6 587 424	138 219	6 725 643	-	-
<b>NET POSITION</b>					
Net investment in capital assets	10 093 547	-	10 093 547	755 199	-
Restricted for capital projects	709 427	-	709 427	-	-
Unrestricted	1 314 629	481 385	1 796 014	23 629	328 922
TOTAL NET POSITION	\$ 12 117 603	\$ 481 385	\$ 12 598 988	\$ 778 828	\$ 328 922

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

CITY OF CENTER, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended September 30, 2022

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Operating Revenues:					
Charges for service	\$ 4 409 386	\$ 1 696 280	\$ 6 105 666	\$ 166 484	\$ 215 851
Taps and connections	17 070	-	17 070	-	-
Miscellaneous	91 232	1 298	92 530	-	-
TOTAL OPERATING REVENUES	<u>4 517 688</u>	<u>1 697 578</u>	<u>6 215 266</u>	<u>166 484</u>	<u>215 851</u>
Operating Expenses:					
Nondepartmental	254 730	-	254 730	110	144 641
Public works	245 274	-	245 274	-	-
Water production	1 242 048	-	1 242 048	-	-
Water distribution	288 251	-	288 251	-	-
Sewer collection	188 048	-	188 048	-	-
Sewer treatment	648 178	-	648 178	-	-
Sanitation	-	1 520 969	1 520 969	-	-
Depreciation	658 240	-	658 240	177 079	-
TOTAL OPERATING EXPENSES	<u>3 524 769</u>	<u>1 520 969</u>	<u>5 045 738</u>	<u>177 189</u>	<u>144 641</u>
OPERATING INCOME	<u>992 919</u>	<u>176 609</u>	<u>1 169 528</u>	<u>(10 705)</u>	<u>71 210</u>
Nonoperating Revenues (Expenses):					
Income from investments	18 328	2 754	21 082	760	2 570
Other revenue	2 788	-	2 788	27 317	-
Interest expense	(159 153)	-	(159 153)	(1 286)	-
Grants and contributions	593 828	-	593 828	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>455 791</u>	<u>2 754</u>	<u>458 545</u>	<u>26 791</u>	<u>2 570</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	<u>1 448 710</u>	<u>179 363</u>	<u>1 628 073</u>	<u>16 086</u>	<u>73 780</u>
Operating transfers in (out)	<u>(516 594)</u>	<u>(200 000)</u>	<u>(716 594)</u>	<u>225 000</u>	<u>-</u>
TOTAL NET OPERATING TRANSFERS	<u>(516 594)</u>	<u>(200 000)</u>	<u>(716 594)</u>	<u>225 000</u>	<u>-</u>
CHANGE IN NET POSITION	932 116	(20 637)	911 479	241 086	73 780
Beginning net position	11 185 487	502 022	11 687 509	537 742	255 142
NET POSITION, END OF YEAR	<u>\$ 12 117 603</u>	<u>\$ 481 385</u>	<u>\$ 12 598 988</u>	<u>\$ 778 828</u>	<u>\$ 328 922</u>

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

CITY OF CENTER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended September 30, 2022

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 4 592 592	\$ 1 752 959	\$ 6 345 551	\$ 180 625	\$ 215 851
Payments to suppliers	(1 785 555)	(1 509 746)	(3 295 301)	(110)	(71 237)
Payments to employees	(1 249 706)	-	(1 249 706)	-	(67 442)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1 557 331</u>	<u>243 213</u>	<u>1 800 544</u>	<u>180 515</u>	<u>77 172</u>
Cash Flows from Noncapital Financing Activities:					
Contributions and grants received	593 828	-	593 828	-	-
Operating transfers in (out)	(516 594)	(200 000)	(716 594)	225 000	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>77 234</u>	<u>(200 000)</u>	<u>(122 766)</u>	<u>225 000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(897 573)	-	(897 573)	(535 292)	-
Net sales and purchases of investments	114 535	(52 754)	61 781	(187 354)	(105 717)
Principal paid on debt	(301 250)	-	(301 250)	258 490	-
Insurance proceeds	-	-	-	27 317	-
Interest paid on debt	(159 153)	-	(159 153)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1 243 441)</u>	<u>(52 754)</u>	<u>(1 296 195)</u>	<u>(436 839)</u>	<u>(105 717)</u>
Cash Flows from Investing Activities:					
Interest on investments	18 328	2 754	21 082	760	2 570
Royalties	2 788	-	2 788	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>21 116</u>	<u>2 754</u>	<u>23 870</u>	<u>760</u>	<u>2 570</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	412 240	(6 787)	405 453	(30 564)	(25 975)
Cash at beginning of year	(5 122)	90 744	85 622	38 344	26 974
CASH AT END OF YEAR	<u>\$ 407 118</u>	<u>\$ 83 957</u>	<u>\$ 491 075</u>	<u>\$ 7 780</u>	<u>\$ 999</u>

Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities

Operating income (loss)	\$ 992 919	\$ 176 609	\$ 1 169 528	\$ (10 705)	\$ 71 210
Adjustments:					
Depreciation	658 240	-	658 240	177 079	-
Changes in:					
Accounts receivable	67 962	55 381	123 343	-	-
Inventory	9 045	-	9 045	-	-
Deferred charges	131 585	-	131 585	-	-
Accounts payable	(15 005)	11 223	(3 782)	14 141	5 267
Accrued expense	5 005	-	5 005	-	695
Accrued compensated absences	11 254	-	11 254	-	-
Pension and OPEB liability	(310 616)	-	(310 616)	-	-
Customer deposits	6 942	-	6 942	-	-
NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES	<u>\$ 1 557 331</u>	<u>\$ 243 213</u>	<u>\$ 1 800 544</u>	<u>\$ 180 515</u>	<u>\$ 77 172</u>

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Center, Texas was incorporated in 1900. The City operates under a Home Rule Charter adopted April 7, 1984 under Section 5, Article XI of the Texas Constitution as a Council-Manager form of government under the provisions of the charter and the V.T.C.A., Local Government Code.

The accounting policies of the City of Center, Texas conform to generally accepted accounting principles as applicable to governments. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. Reporting Entity:

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Individual Component Unit Disclosures:

Discretely Presented Component Units:

The City of Center Economic Development Corporation - Established in 1994, the Corporation is a 4A nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Street Improvements for Economic Development Corporation - Established in 1996, the Corporation is a 4B nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist and enhance economic development by undertaking projects of street and road and related improvements. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Street Improvements for Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Local Government Corporation - Established in 2018 to hold and manage the assets of Parker Place Subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement with the owner, and repayment of the Housing Infrastructure Fund (HIF) grant. The City is working to sell the lots to builders.

B. Government-Wide and Fund Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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.

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 government 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.

Property taxes, franchise taxes, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund - The capital project fund is used to account for monies earmarked from bond activities.

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on long-term general obligation debt of governmental funds.

Permanent Fund - This fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The government reports the following proprietary funds:

Water and Sewer Fund - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Sanitation Fund - This fund accounts for the provision of sanitation services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Equipment Replacement Fund - This fund provides each department of the City an internal system to purchase capital assets. All such activities necessary to provide such services are accounted for in this fund.

Technology Fund - This fund provides each department of the City an internal system to acquire technology. All such activities necessary to provide such services are accounted for in this fund.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments:

The government'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.

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

The Center Economic Development Corporation and the Center Street Improvements for Economic Development are authorized by their governing board to invest in obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, as well as for its component units, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of the allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

3. Inventories and Prepaid Items:

All inventories are valued at cost using the first-in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets:

Restricted assets include cash and investments for the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.



CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

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.

For implementation of GASB 34 requirements for capital assets the City established the following categories and thresholds:

Land/land improvement	Any Amount
Buildings/building improvements	\$ 25 000
Facilities and other improvements	\$ 25 000
Infrastructure	\$ 25 000
Personal property	\$ 5 000
Leasehold improvements	\$ 25 000

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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

Structures and water and sewer systems	10 to 50 years
Infrastructure	10 to 30 years
Transportation and other equipment	3 to 20 years

6. Compensated Absences:

The City accounts for expenditures related to sick pay when such payments are made to employees as amounts do not vest. The City accounts for all material liabilities and expenditures related to vacation pay during the fiscal year in which such benefits accrue. Employees are required to take vacation time if at all possible, and vacation time will not be allowed to be accrued more than 160 hours on an anniversary date. Sick leave can be accumulated up to 320 hours.

The City has determined that the current portion of the accrued expense for compensated absences cannot be reasonably estimated. Therefore, the total accrued expense for compensated absences is recorded as long-term debt in the financial statements.

7. Long-Term Obligations:

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

8. Fund Equity:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of financial 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Use of Estimates:

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

11. Subsequent Events:

Management has evaluated subsequent events through April 24, 2023, the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized by the City Council to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (6) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

B. City Fund Balance Policy:

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Fund balance will be calculated by taking the total General Fund expenditure budget and deducting Airport departments. The rationale is this department receive a commensurate amount of funding from its own operations. The City now receives as much revenue from airport fuel sales to make the Center Municipal Airport self-sustaining.

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally. This equates to 45 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

Once the City achieves its goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. For example, by applying excess fund balances towards payment of capital improvement expenses, the City will reduce the need to incur long-term debt and will avoid creating an operating fund gap for subsequent fiscal years.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.

**FUND BALANCE ANALYSIS**

		2022
Beginning fund balance	\$	2 522 079
Total general fund revenues and transfers		6 016 740
Total general fund expenditures and transfers		(5 437 008)
ENDING GENERAL FUND BALANCE	\$	<u>3 101 811</u>
Airport expense	\$	180 565
General fund expenditures		5 262 109
ADJUSTED GENERAL FUND EXPENDITURES	\$	<u>5 081 524</u>
Required Fund Balance	\$	<div style="display: inline-block; text-align: center;"> <div>20%</div> <div style="border-top: 1px solid black; width: 100px;">1 016 305</div> </div> <div style="display: inline-block; text-align: center; margin-left: 20px;"> <div>25%</div> <div style="border-top: 1px solid black; width: 100px;">1 270 381</div> </div>

Actual Fund Balance calculation represents 61.04% of adjusted General Fund Expenditures and 57.04% of non-adjusted General Fund Expenditures.

**Tax Abatements**

During the year ended September 30, the City abated property from local property taxes to create an economic development incentive. The results of the abated property was a reduction in property tax income of \$16,884 for the year.

YEAR	VALUE OF ABATED PROPERTY
2022	\$ 2 550 860
2023	1 257 706

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Cash and investments as of September 30, consists of the following:

Primary Government:		
Unrestricted cash and investments	\$	7 514 199
Restricted cash and investments		709 427
Component Units:		
Cash and cash equivalents		4 407 913
TOTAL CASH AND INVESTMENTS	\$	<u>12 631 539</u>
Primary Government:		
Deposits with financial institutions	\$	2 092 284
Investments in LOGIC		6 077 918
Investment in government bonds		53 424
Component Units:		
Deposits with financial institutions		22 713
Investments in LOGIC		4 385 200
TOTAL CASH AND INVESTMENTS	\$	<u>12 631 539</u>

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

At September 30, the total deposits (as shown on the records of the bank) for the primary government and the component units amounted to \$2,092,284 and \$22,713, respectively. Deposits were with the contracted depository bank, Farmers State Bank, in a combination of interest and non-interest bearing accounts and interest bearing Certificates of Deposits. The deposits were fully secured at the balance sheet date by federal depository coverage and by pledged U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of deposits.

Investments - The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. The investment policy must address requirements outlined by the Act. Management of the City believes it is in compliance with those requirements and local policies. The City's temporary investments consist of balances held by the Local Government Investment Cooperative (LOGIC).

As of September 30, the City had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITIES (DAYS)	RATING
LOGIC Pool	\$ 10 463 118	40	AAAm
Government Bonds	53 424	152	AA
	<u>\$ 10 516 542</u>		

Interest rate risk is the risk that changes in market interest rates and will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value. The City concentrates its investments on short-term investments in order to limit market risk caused by changes in interest rates. The maximum allowed maturity of any investment by the City is three years.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. The City's depository fully collateralizes the City's deposits as outlined above.

B. Receivables

Loans Receivable

The City contracts with the Texas Department of Agriculture for various economic development programs. In accordance with certain terms of the contracts, funds have been loaned to specific entities at no interest. The City is liable to the State for repayment and the entity is liable to the City for repayment. The repayment of loans is accounted for as miscellaneous revenue and expenditures. The contracts are managed in a special revenue fund. At September 30, the City has two active loans. The following is a summary of transactions for the year ended September 30.

	LOANS RECEIVABLE	LOANS PAYABLE
Balance at October 1, 2020	\$ 8 936	\$ 8 936
Loan payments received	-	(8 936)
Loans paid	(8 936)	-
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ -</u>

The loans are comprised of the following individual issues:

1998 Texas Capital Fund, \$357,500, due in 240 monthly payments of \$1,490	\$ -
TOTAL	<u>\$ -</u>

Leases Receivable

The City leases hangers at the municipal airport with terms of one to twenty years and rates of \$175 to \$2,600 annually. The present value of the lease receivable has been recorded in the general fund and the future receipts recorded as a deferred inflow.

	RECEIVABLE	INTEREST
2023	\$ 20 872	\$ 657
2024	11 062	348
2025	7 735	243
2026	7 664	241
2027	7 565	238
Thereafter	26 297	827
	<u>\$ 81 195</u>	<u>\$ 2 554</u>

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED**

**C. Capital Assets**

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

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFER	ENDING BALANCE
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Construction in progress	\$ 1 519 205	\$ 1 431 559	\$ -	\$ (1 438 681)	\$ 1 527 483
Land	73 072	-	-	-	73 072
TOTAL ASSETS NOT BEING DEPRECIATED	1 592 277	1 431 559	-	(1 438 681)	1 600 555
Capital Assets, Being Depreciated:					
Buildings	9 315 196	50 968	-	-	9 366 164
Improvements other than buildings	5 502 773	457 458	(10 756)	-	5 949 475
Vehicles and equipment	2 499 980	-	(58 762)	-	2 441 218
Infrastructure	20 654 907	30 900	-	1 438 681	22 124 488
TOTAL ASSETS BEING DEPRECIATED	37 972 856	539 326	(69 518)	1 438 681	39 881 345
Less Accumulated Depreciation For:					
Buildings	3 010 846	221 214	-	-	3 232 060
Improvements other than buildings	1 708 203	156 975	(10 756)	-	1 854 422
Vehicles and equipment	1 811 764	121 676	(58 762)	-	1 874 678
Infrastructure	8 090 535	1 065 826	-	-	9 156 361
TOTAL ACCUMULATED DEPRECIATION	14 621 347	1 565 691	(69 518)	-	16 117 520
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	23 351 509	(1 026 365)	-	-	23 763 825
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 24 943 786	\$ 405 194	\$ -	\$ -	\$ 25 364 380
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 665 250	\$ -	\$ -	\$ -	\$ 665 250
Construction in progress	161 144	701 803	-	-	862 947
TOTAL ASSETS NOT BEING DEPRECIATED	826 394	701 803	-	-	1 528 197
Capital Assets, Being Depreciated:					
Buildings and systems	33 539 598	23 136	-	-	33 562 734
Vehicles and equipment	3 666 904	172 634	-	-	3 839 538
TOTAL ASSETS BEING DEPRECIATED	37 206 502	195 770	-	-	37 402 272
Less Accumulated Depreciation For:					
Buildings and systems	19 607 993	577 055	-	-	20 185 048
Vehicles and equipment	3 055 689	81 185	-	-	3 136 874
TOTAL ACCUMULATED DEPRECIATION	22 663 682	658 240	-	-	23 321 922
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	14 542 820	(462 470)	-	-	14 080 350
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 15 369 214	\$ 239 333	\$ -	\$ -	\$ 15 608 547
<b>Internal Service Fund:</b>					
Capital Assets, Being Depreciated:					
Vehicles and equipment	\$ 954 173	\$ 535 292	\$ -	\$ -	\$ 1 489 465
TOTAL ASSETS NOT BEING DEPRECIATED	954 173	535 292	-	-	1 489 465
Less Accumulated Depreciation For:					
Vehicles and equipment	557 187	177 079	-	-	734 266
TOTAL ACCUMULATED DEPRECIATION	557 187	177 079	-	-	734 266
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	396 986	358 213	-	-	755 199
INTERNAL SERVICE FUND CAPITAL ASSETS, NET	\$ 396 986	\$ 358 213	\$ -	\$ -	\$ 755 199

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

<b>Governmental Activities:</b>		
General government		\$ 21 069
Public safety		159 854
Community services		401 720
Street and drainage		983 048
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		\$ 1 565 691
<b>Business-Type Activities:</b>		
Water		\$ 400 764
Sewer		257 476
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES		\$ 658 240

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED**

**D. Changes in Long-Term Debt**

The following is a summary of long-term debt transactions of the City for the year ended September 30:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 8 808 750	\$ -	\$ (683 750)	\$ 8 125 000	\$ 555 000
Note payable	265 556	-	(89 718)	175 838	22 948
Compensated absences	123 679	15 696	-	139 375	-
Pension liability (asset)	299 209	-	(905 357)	(606 148)	-
OPEB liability	194 898	10 089	-	204 987	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 9 692 092</u>	<u>\$ 25 785</u>	<u>\$ (1 678 825)</u>	<u>\$ 8 039 052</u>	<u>\$ 577 948</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 5 816 250	\$ -	\$ (301 250)	\$ 5 515 000	\$ 310 000
Compensated absences	44 291	11 254	-	55 545	-
Pension liability (asset)	100 144	-	(317 724)	(217 580)	-
OPEB liability	52 358	7 063	-	59 421	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	<u>\$ 6 013 043</u>	<u>\$ 18 317</u>	<u>\$ (618 974)</u>	<u>\$ 5 412 386</u>	<u>\$ 310 000</u>
<b>Internal Service Activities:</b>					
Notes payable	\$ -	\$ 258 490	\$ -	\$ 258 490	\$ 36 755
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ -</u>	<u>\$ 258 490</u>	<u>\$ -</u>	<u>\$ 258 490</u>	<u>\$ 36 755</u>

Bonds payable at September 30 are comprised of the following individual issues:

General Obligation Debt:	
\$3,941,314, 2011 Combination Tax and Revenue Certificate of Obligation, due in annual installments of \$95,000 to \$505,000 through August 15, 2030, interest at 2.0 to 4.0 percent (Liability recorded in governmental activities)	\$ 104 978
\$168,686, 2011 Combination Tax and Revenue Capital Appreciation Bonds, due in annual installments of \$116,448 to \$104,978 through August 15, 2023, interest at 3.10 to 3.50 percent (Liability recorded in governmental activities)	50 022
\$2,070,000, 2014 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$10,000 to \$125,000 through August 15, 2035, interest at 0.0 to 3.05 percent (Liability recorded in business-type activities)	1 400 000
\$1,760,000, 2014 General Obligation Refunding Bond, due in annual installments of \$65,000 to \$225,000 through August 15, 2023, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	225 000
\$3,960,000, 2016 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$130,000 to \$265,000 through August 15, 2036, interest at 2.49 percent (Liability recorded in governmental activities and business-type activities)	2 980 000
\$4,130,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$85,000 to \$405,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	3 935 000
\$2,090,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$60,000 to \$140,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	1 880 000
\$3,080,000, 2021 General Obligation Refunding bonds, due in annual installments of \$15,000 to \$460,000 through August 15, 2030, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	3 065 000
	<u>\$ 13 640 000</u>

The annual debt service requirements to maturity for all bonds and certificates of obligation are as follows:

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2023	\$ 555 000	\$ 211 441	\$ 310 000	\$ 161 226
2024	575 000	194 866	315 000	154 745
2025	587 500	179 941	327 500	142 497
2026	603 750	165 654	336 250	131 600
2027	618 750	151 891	346 250	122 800
Thereafter	5 185 000	863 279	3 880 000	639 957
TOTAL	<u>\$ 8 125 000</u>	<u>\$ 1 767 072</u>	<u>\$ 5 515 000</u>	<u>\$ 1 350 825</u>

**Notes Payable:**

\$450,000 loan from the City of Center Economic Development Corporation to be paid in annual installments through 2029, with an interest rate of 3%	\$ 175 838
\$258,490 note for the Equipment Replacement Fund to be paid in annual installments of \$41,595 with a final payment of \$126,845 in January 2026, with interest at 2.8%	258 490
	<u>\$ 434 328</u>

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED**

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES		INTERNAL SERVICE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2023	\$ 22 948	\$ 5 275	\$ 36 755	\$ 4 840
2024	23 636	4 587	33 126	8 469
2025	24 356	3 876	34 122	7 473
2026	25 076	3 147	35 148	6 447
2027	25 828	2 395	119 339	7 506
Thereafter	53 994	2 442	-	-
TOTAL	\$ 175 838	\$ 21 722	\$ 258 490	\$ 34 735

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**NOTE 4 - OTHER INFORMATION**

**A. Pension Plan**

**Plan Description**

The City of Center participates as one of the plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmrs.com](http://www.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**Employees Covered by Benefit Terms:**

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	27
Active employees	73
	<u>143</u>

**Contributions**

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

Employees for the City of Center were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Center were 11.44% and 12.40% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$411,143, and were equal to the required contribution.

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Discount Rate**

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

**Changes in the Net Pension Liability**

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2020	\$ 14 918 154	\$ 14 518 801	\$ 399 353
Changes for the Year:			
Service cost	565 946	-	565 946
Interest	1 005 970	-	1 005 970
Change of benefit terms	-	-	-
Difference between expected and actual experience	(259 570)	-	(259 570)
Changes of assumptions	-	-	-
Contributions - Employer	-	411 143	(411 143)
Contributions - Employee	-	238 652	(238 652)
Net investment income	-	1 894 330	(1 894 330)
Benefit payments, including refunds of employee	(595 743)	(595 743)	-
Administrative expense	-	(8 758)	8 758
Other changes	-	60	(60)
NET CHANGES	716 603	1 939 684	(1 223 081)
Balance at December 31, 2021	\$ 15 634 757	\$ 16 458 485	\$ (823 728)



CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 1 540 805	\$ (823 728)	\$ (2 749 248)

***Pension Plan Fiduciary Net Position***

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$339,204.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ -	\$ 476 511
Changes in actuarial assumptions	25 724	-
Difference between projected and actual investment earnings	230 190	1 203 636
Contributions subsequent to the measurement date	409 403	-
<b>TOTAL</b>	<b>\$ 665 317</b>	<b>\$ 1 680 147</b>

\$409,403 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	PENSION EXPENSE AMOUNT
2023	\$ (394 481)
2024	(528 519)
2025	(285 996)
2026	(215 237)
2027	-
Thereafter	-
<b>TOTAL</b>	<b>\$ (1 424 233)</b>

**B. Other Postemployment Benefit (OPEB)**

**Plan Description**

Texas Municipal Retirement System ("TMRS") administers a 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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The City of Center contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

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

**Benefits Provided**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**Employees Covered by Benefit Terms**

**Membership:**

Number of:	
Inactive employees currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>73</u>
TOTAL	<u>111</u>

**Covered Payroll**

\$ 3 409 311

**Contributions**

PLAN/ CALENDAR YEAR	TOTAL SDBF CONTRIBUTION (RATE)	RETIREE PORTION OF SDBF CONTRIBUTION (RATE)
2020	0.18%	0.05%
2021	0.23%	0.05%
2022	0.22%	0.00%

The City's contributions to the SDBF for the year ended September 30, 2022 were \$27,019, and were equal to the required contribution.

**Summary of Actuarial Assumptions**

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	1.84%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
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 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Note: The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**Changes in OPEB Liability**

Total OPEB liability - Beginning of year	\$ <u>247 256</u>
Changes for the Year:	
Service cost	13 296
Interest on total OPEB liability	5 030
Changes of benefit terms	-
Differences	(4 222)
Changes in assumptions or other inputs	7 821
Benefit payments	<u>(4 773)</u>
NET CHANGES	<u>17 152</u>
TOTAL OPEB LIABILITY - END OF YEAR	\$ <u>264 408</u>

**Total OPEB Liability as a Percentage of Covered Payroll**

7.76%

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

The following presents the OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.84%) or 1-percentage point higher (2.84%) than the current rate.

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB Liability	\$ 320 404	\$ 264 408	\$ 220 128

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2022

NOTE 4 - OTHER INFORMATION - CONTINUED

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$27,019.

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 14 542
Changes in actuarial assumptions	41 730	-
Difference between projected and actual earnings	-	-
Subsequent contributions	7 400	-
TOTAL	<u>\$ 49 130</u>	<u>\$ 14 542</u>

\$7,400 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 OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2022	\$ 8 693
2023	6 985
2024	7 984
2025	3 088
2026	438
Thereafter	-
TOTAL	<u>\$ 27 188</u>

C. 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. These risks are covered by commercial insurance purchased from independent third parties. The City provides employee health and accident insurance coverage with commercial insurance purchased from independent third parties. Coverages have not significantly decreased and settlements have not exceeded insurance coverage for each of the past three years.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended September 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
General Property Taxes:				
Current taxes	\$ 1 156 500	\$ 1 208 375	\$ 1 235 891	\$ 27 516
Delinquent taxes	31 400	25 150	28 567	3 417
Other taxes	-	38 300	26 149	(12 151)
Penalties, interest and cost	25 000	26 150	42 768	16 618
TOTAL GENERAL PROPERTY TAXES	<u>1 212 900</u>	<u>1 297 975</u>	<u>1 333 375</u>	<u>35 400</u>
Other Local Taxes and Permits:				
City sales taxes	2 308 600	2 434 100	2 506 312	72 212
Franchise taxes	692 500	704 250	717 528	13 278
Mixed drink taxes	3 600	1 950	2 837	887
License and permit fees	15 300	25 650	30 779	5 129
TOTAL OTHER LOCAL TAXES AND PERMITS	<u>3 020 000</u>	<u>3 165 950</u>	<u>3 257 456</u>	<u>91 506</u>
Fines and Fees:				
Municipal court fines	190 000	150 000	185 033	35 033
Court cost fees	35 700	37 200	31 118	(6 082)
Fines and fees	-	-	374	374
TOTAL FINES AND FEES	<u>225 700</u>	<u>187 200</u>	<u>216 525</u>	<u>29 325</u>
Charges For Service:				
Administration	90 000	60 000	90 000	30 000
Airport fuel	50 500	126 180	153 653	27 473
Airport hangar lease	27 500	24 000	27 022	3 022
Civic Center	51 600	39 675	44 410	4 735
Land lease	3 600	3 600	-	(3 600)
Building rental	9 000	9 000	15 120	6 120
TOTAL CHARGES FOR SERVICES	<u>232 200</u>	<u>262 455</u>	<u>330 205</u>	<u>67 750</u>
Contributions and Grants:				
Grant and donations	81 700	125 790	128 341	2 551
TOTAL CONTRIBUTIONS AND GRANTS	<u>81 700</u>	<u>125 790</u>	<u>128 341</u>	<u>2 551</u>
Miscellaneous Revenue:				
Miscellaneous receipts	4 200	16 435	11 897	(4 538)
TOTAL MISCELLANEOUS REVENUE	<u>4 200</u>	<u>16 435</u>	<u>11 897</u>	<u>(4 538)</u>
TOTAL REVENUES	<u>4 776 700</u>	<u>5 055 805</u>	<u>5 277 799</u>	<u>221 994</u>
Expenditures:				
General Government:				
City Hall:				
Payroll	756 100	708 750	720 438	(11 688)
Supplies	24 200	39 750	36 518	3 232
Contractual services	48 400	50 350	49 260	1 090
Utilities	24 200	22 100	22 173	(73)
Sundry charges	23 700	21 700	23 060	(1 360)
Maintenance	8 700	6 720	4 188	2 532
TOTAL CITY HALL	<u>885 300</u>	<u>849 370</u>	<u>855 637</u>	<u>(6 267)</u>
Nondepartmental:				
Payroll	37 700	2 700	3 808	(1 108)
Supplies	3 300	3 000	2 047	953
Contractual services	267 500	320 660	299 950	20 710
Sundry charges	93 700	90 475	89 379	1 096
Maintenance	-	-	116	(116)
Capital outlay	1 000	13 700	13 040	660
TOTAL NONDEPARTMENTAL	<u>403 200</u>	<u>430 535</u>	<u>408 340</u>	<u>22 195</u>
Municipal Court:				
Payroll	54 800	54 300	52 977	1 323
Supplies	1 300	1 150	925	225
Contractual services	58 300	58 300	58 300	-
Utilities	1 000	-	-	-
Sundry charges	1 900	1 400	1 467	(67)
TOTAL MUNICIPAL COURT	<u>117 300</u>	<u>115 150</u>	<u>113 669</u>	<u>1 481</u>
TOTAL GENERAL GOVERNMENT	<u>1 405 800</u>	<u>1 395 055</u>	<u>1 377 646</u>	<u>17 409</u>

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - CONTINUED  
Year Ended September 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public Safety:				
Police Department:				
Payroll	1 881 000	1 674 450	1 642 198	32 252
Supplies	51 400	66 350	65 775	575
Contractual services	156 500	155 725	149 020	6 705
Utilities	56 200	53 000	49 994	3 006
Sundry charges	16 150	13 400	13 568	(168)
Maintenance	121 800	137 650	144 799	(7 149)
Capital outlay	5 000	2 400	415	1 985
TOTAL POLICE DEPARTMENT	2 288 050	2 102 975	2 065 769	37 206
Fire Department:				
Payroll	442 300	427 020	421 630	5 390
Supplies	14 800	9 300	6 238	3 062
Contractual services	26 900	25 930	24 436	1 494
Utilities	9 200	9 300	8 731	569
Sundry charges	10 300	4 900	2 742	2 158
Maintenance	36 100	45 600	41 573	4 027
Capital outlay	11 000	10 000	3 171	6 829
TOTAL FIRE DEPARTMENT	550 600	532 050	508 521	23 529
Animal Control Department:				
Supplies	6 600	7 400	8 618	(1 218)
Contractual services	17 000	15 500	15 998	(498)
Utilities	1 800	1 000	636	364
Sundry charges	2 500	150	107	43
Maintenance	1 000	1 000	-	1 000
TOTAL ANIMAL CONTROL DEPARTMENT	28 900	25 050	25 359	(309)
TOTAL PUBLIC SAFETY	2 867 550	2 660 075	2 599 649	60 426
Community Services:				
Airport Department:				
Payroll	25 600	27 050	21 156	5 894
Supplies	1 400	4 125	6 030	(1 905)
Contractual services	8 400	7 300	8 241	(941)
Utilities	15 300	15 370	15 141	229
Sundry charges	31 700	152 425	120 404	32 021
Maintenance	6 300	9 325	9 593	(268)
Capital outlay	10 000	8 000	-	8 000
TOTAL AIRPORT DEPARTMENT	98 700	223 595	180 565	43 030
Cemetery Department:				
Contractual services	22 800	20 200	17 070	3 130
Maintenance	-	2 200	2 200	-
TOTAL CEMETERY DEPARTMENT	22 800	22 400	19 270	3 130
Parks Department:				
Payroll	146 600	143 410	140 215	3 195
Supplies	15 500	12 430	10 817	1 613
Contractual services	54 100	83 420	91 952	(8 532)
Utilities	12 500	13 600	14 915	(1 315)
Sundry charges	1 800	400	261	139
Maintenance	28 800	27 250	27 658	(408)
TOTAL PARKS DEPARTMENT	259 300	280 510	285 818	(5 308)
Civic Center Department:				
Payroll	89 700	94 250	92 893	1 357
Supplies	8 600	9 450	8 948	502
Contractual services	23 700	24 350	25 029	(679)
Utilities	30 800	26 300	26 471	(171)
Sundry charges	10 000	4 300	3 353	947
Maintenance	26 900	16 750	7 156	9 594
Capital outlay	4 000	3 150	419	2 731
TOTAL CIVIC CENTER DEPARTMENT	193 700	178 550	164 269	14 281

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - CONTINUED  
Year Ended September 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Community Facilities Department:				
Supplies	1 100	650	303	347
Contractual services	63 500	63 350	64 280	(930)
Utilities	19 300	17 700	18 204	(504)
Sundry charges	200	-	-	-
Maintenance	6 600	20 300	10 397	9 903
TOTAL COMMUNITY FACILITIES DEPARTMENT	90 700	102 000	93 184	8 816
TOTAL COMMUNITY SERVICES	665 200	807 055	743 106	63 949
Streets and Drainage:				
Streets Department:				
Payroll	243 800	195 800	237 437	(41 637)
Supplies	14 800	15 000	18 111	(3 111)
Contractual services	43 400	42 910	32 614	10 296
Utilities	85 600	82 800	81 350	1 450
Sundry charges	800	750	536	214
Maintenance	73 700	71 700	71 084	616
Capital outlay	-	12 500	12 423	77
TOTAL STREETS DEPARTMENT	462 100	421 460	453 555	(32 095)
TOTAL STREETS AND DRAINAGE	462 100	421 460	453 555	(32 095)
Inspection Services:				
Inspection Department:				
Payroll	63 600	61 400	60 674	726
Supplies	1 000	2 350	2 525	(175)
Contractual services	19 400	15 040	14 213	827
Utilities	1 200	200	79	121
Sundry charges	2 700	6 650	7 408	(758)
Maintenance	1 000	2 775	3 254	(479)
TOTAL INSPECTION DEPARTMENT	88 900	88 415	88 153	262
TOTAL INSPECTION SERVICES	88 900	88 415	88 153	262
TOTAL EXPENDITURES	5 489 550	5 372 060	5 262 109	109 951
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(712 850)	(316 255)	15 960	331 945
Other Financing Sources (Uses):				
Interest income	5 000	9 000	23 837	14 837
Operating transfers in	715 000	715 000	715 104	104
Operating transfers (out)	(7 150)	(157 150)	(174 899)	(17 749)
TOTAL OTHER FINANCING SOURCES (USES)	712 850	566 850	564 042	(2 808)
CHANGE IN FUND BALANCE	-	250 595	579 732	329 137
Fund balance at beginning of year	2 522 079	2 522 079	2 522 079	-
FUND BALANCE AT END OF YEAR	\$ 2 522 079	\$ 2 772 674	\$ 3 101 811	\$ 329 137

See independent auditors' report.

CITY OF CENTER, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS\*

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service cost	\$ 565 946	\$ 547 357	\$ 537 720	\$ 523 585	\$ 522 065	\$ 516 676	\$ 463 237	\$ 443 966
Interest (on the total pension liability)	1 005 970	956 535	902 764	873 880	879 442	867 048	860 379	804 999
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(259 570)	(180 403)	(149 486)	(428 137)	(915 461)	(587 907)	(191 770)	21 180
Change of assumptions	-	-	71 120	-	-	-	(39 880)	-
Benefit payments, including refunds of employee contributions	(595 743)	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
NET CHANGE IN TOTAL PENSION LIABILITY	716 603	718 393	826 563	407 920	(90 966)	143 050	615 416	769 410
Total pension liability - Beginning	14 918 154	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778	11 528 368
TOTAL PENSION LIABILITY - ENDING	15 634 757	14 918 154	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778
Plan Fiduciary Net Position:								
Contributions - Employer	411 143	406 177	426 162	471 010	514 644	503 737	439 335	424 581
Contributions - Employee	238 652	229 294	226 734	217 772	216 496	212 499	199 181	197 742
Net investment income	1 894 330	1 023 371	1 790 717	(353 900)	1 420 322	645 178	13 834	500 976
Benefit payments, including refunds of employee contributions	(595 743)	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
Administrative	(8 758)	(6 617)	(10 111)	(6 836)	(7 356)	(7 282)	(8 424)	(5 230)
Other	60	(259)	(286)	(373)	(373)	(392)	(416)	(430)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 939 684	1 046 870	1 897 661	(233 735)	1 566 721	700 973	166 960	616 904
Plan fiduciary net position - Beginning	14 518 801	13 471 931	11 574 270	11 808 005	10 241 284	9 540 311	9 373 351	8 756 447
PLAN FIDUCIARY NET POSITION - ENDING	16 458 485	14 518 801	13 471 931	11 574 270	11 808 005	10 241 284	9 540 311	9 373 351
NET PENSION LIABILITY (ASSET) - ENDING	\$ (823 728)	\$ 399 353	\$ 727 830	\$ 1 798 928	\$ 1 157 273	\$ 2 814 960	\$ 3 372 883	\$ 2 924 427
Plan fiduciary net position as a percentage of total pension liability	105.27%	97.32%	94.87%	86.55%	91.07%	78.44%	73.88%	76.22%
Covered employee payroll	\$ 3 509 894	\$ 3 258 954	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	\$ 2 845 439	2 824 891
Net pension liability as a percentage of covered employee payroll	(23.47)%	12.25%	22.78%	57.82%	37.42%	92.73%	118.54%	103.52%

SCHEDULE OF CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determine contribution								
Contributions in relation to the actuarially determined contribution	\$ 409 403	\$ 434 350	\$ 418 708	\$ 405 655	\$ 495 007	\$ 462 058	\$ 446 765	\$ 390 666
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (409 403)	\$ (434 350)	\$ (418 708)	\$ (405 655)	\$ (495 007)	\$ (462 058)	\$ (446 765)	\$ (390 666)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 472 611	\$ 3 509 894	\$ 3 258 954	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	2 845 439
Contributions as a percentage of covered employee payroll	11.79%	12.38%	12.85%	12.70%	15.91%	14.94%	14.72%	13.73%

Other Information

\*This schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides information only for those years for which information is available.

Details of the plan are included in the notes.



CITY OF CENTER, TEXAS  
SCHEDULE OF THE CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
AND SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS\*

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	2021	2020	2019	2018	2017
Total OPEB Liability:					
Service cost	\$ 13 296	\$ 10 154	\$ 7 029	\$ 8 089	\$ 6 804
Interest on total OPEB liability	5 030	5 933	6 407	5 942	5 816
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(4 222)	(10 762)	(3 809)	(6 260)	-
Change of assumptions	7 821	32 098	33 293	(12 649)	14 252
Benefit payments, including refunds of employee contributions	(4 773)	(1 638)	(1 278)	(1 556)	(2 165)
NET CHANGE IN TOTAL OPEB LIABILITY	17 152	35 785	41 642	(6 434)	24 707
Total OPEB liability, beginning	247 256	211 471	169 829	176 263	151 556
TOTAL PENSION LIABILITY, ENDING (a)	264 408	247 256	211 471	169 829	176 263
Plan Fiduciary Net Position:					
Contributions - Employer	-	-	-	-	-
Contributions - Employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-	-	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 264 408	\$ 247 256	\$ 211 471	\$ 169 829	\$ 176 263
Plan fiduciary net position as a % of total OPEB liability	00.00%	00.00%	00.00%	00.00%	00.00%
Covered employee payroll	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802
Net OPEB liability as a % of covered employee payroll	7.53%	7.55%	6.62%	5.46%	5.70%

**SCHEDULE OF CONTRIBUTIONS**

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 7 400	\$ 7 414	\$ 5 167	\$ 4 902	\$ 1 723
Contributions in relation to the actuarially determined contribution	(7 400)	(7 414)	(5 167)	(4 902)	(1 723)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 472 611	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024
Contributions as a percentage of covered employee payroll	0.21%	0.21%	0.16%	0.15%	0.06%

**Other Information:**

\* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Details of the plan are included in the notes.

## SUPPLEMENTARY INFORMATION

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Texas Capital Fund - Grant Repayment Funds - To account revenues and expenditures related to Texas Department of Agriculture loans.

Court Technology, Security, Jury and Truancy Funds - To account for certain fees assessed on fines.

Hotel - Motel Fund - To account for hotel-motel taxes and related expenditures.

Civic Center Fund - To account for the construction of the civic center for activity related to civic center capital asset improvements.

Tax Increment Financing Fund - To account for activities related to the tax increment finance district.

Industrial Development Fund - To account for activity related to industrial development initiatives.

Police Department Forfeiture Fund - To account for forfeited funds remitted to the police department.

Logic Park Fund - To account for the construction of park facilities.

Recreation Fund - To account for recreational activities for the citizens of Center.

Home Grant - To account for revenues and expenditures applicable to Home Grants.

Airport Construction Fund - To account for construction and activity related to airport capital asset improvements.

American Rescue Plan - To account for federal COVID recovery grant funds.

Street Improvement Fund - To account for contributions of the Street Economic Development Corporation for city street improvements.

### Debt Service Fund

Debt Service Fund - To account for the accumulation of monies for the payment of general obligation debt.

### Permanent Funds

Cemetery Endowment Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the Fairview cemetery.

Animal Welfare Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain Animal Welfare.

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2022

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 924 958	\$ 3 272	\$ 536	\$ 928 766
Investments	136 267	787 314	115 188	42 484	1 081 253
Receivables	-	222 450	-	-	222 450
Due from other funds	-	500	-	-	500
<b>TOTAL ASSETS</b>	<b>\$ 136 267</b>	<b>\$ 1 935 222</b>	<b>\$ 118 460</b>	<b>\$ 43 020</b>	<b>\$ 2 232 969</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 2 795	\$ -	\$ -	\$ 2 795
Due to other funds	-	73 421	-	-	73 421
Accrued expenses	-	547	-	-	547
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>76 763</b>	<b>-</b>	<b>-</b>	<b>76 763</b>
<b>Deferred Inflows:</b>					
Unavailable revenue	-	219 250	-	-	219 250
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>219 250</b>	<b>-</b>	<b>-</b>	<b>219 250</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>-</b>	<b>296 013</b>	<b>-</b>	<b>-</b>	<b>296 013</b>
<b>Fund Balances:</b>					
Restricted for grants	-	1 639 209	-	-	1 639 209
Restricted for debt service	136 267	-	-	-	136 267
Other restrictions	-	-	118 460	43 020	161 480
<b>TOTAL FUND BALANCES</b>	<b>136 267</b>	<b>1 639 209</b>	<b>118 460</b>	<b>43 020</b>	<b>1 936 956</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 136 267</b>	<b>\$ 1 935 222</b>	<b>\$ 118 460</b>	<b>\$ 43 020</b>	<b>\$ 2 232 969</b>

See independent auditors' report.

CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2022

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Taxes	\$ 638 364	\$ 425 530	\$ -	\$ -	\$ 1 063 894
Grants and contributions	-	407 255	200	63	407 518
Fines and fees	-	13 688	-	-	13 688
Charges for services	-	125 198	-	-	125 198
Other	-	23 095	-	-	23 095
TOTAL REVENUES	<u>638 364</u>	<u>994 766</u>	<u>200</u>	<u>63</u>	<u>1 633 393</u>
Expenditures:					
Public safety	-	1 001	-	-	1 001
Community services	-	578 552	1 500	-	580 052
Street and drainage	-	432 886	-	-	432 886
Debt Service:					
Principal	722 824	21 001	-	-	743 825
Interest and fiscal charges	271 446	7 222	-	-	278 668
TOTAL EXPENDITURES	<u>994 270</u>	<u>1 040 662</u>	<u>1 500</u>	<u>-</u>	<u>2 036 432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(355 906)</u>	<u>(45 896)</u>	<u>(1 300)</u>	<u>63</u>	<u>(403 039)</u>
Other Financing Sources (Uses):					
Interest	2 818	5 982	890	108	9 798
Operating transfers in	314 594	466 964	-	-	781 558
Operating transfers (out)	(9 179)	(238 000)	-	-	(247 179)
TOTAL OTHER FINANCING SOURCES (USES)	<u>308 233</u>	<u>234 946</u>	<u>890</u>	<u>108</u>	<u>544 177</u>
NET CHANGE IN FUND BALANCE	(47 673)	189 050	(410)	171	141 138
Fund balance at beginning of year	<u>183 940</u>	<u>1 450 159</u>	<u>118 870</u>	<u>42 849</u>	<u>1 795 818</u>
FUND BALANCES AT END OF YEAR	\$ <u>136 267</u>	\$ <u>1 639 209</u>	\$ <u>118 460</u>	\$ <u>43 020</u>	\$ <u>1 936 956</u>

See independent auditors' report.

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2022

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
ASSETS					
Cash and cash equivalents	\$ 445	\$ 68 057	\$ (1 621)	\$ (67)	\$ 332
Investments	-	-	563 213	26 403	29 829
Receivables	-	-	3 200	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 445</u>	<u>\$ 68 057</u>	<u>\$ 564 792</u>	<u>\$ 26 336</u>	<u>\$ 30 161</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1 010	71 373	-	-	-
Accrued expenses	-	-	-	-	-
TOTAL LIABILITIES	<u>1 010</u>	<u>71 373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>1 010</u>	<u>71 373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Restricted	(565)	(3 316)	564 792	26 336	30 161
TOTAL FUND BALANCE	<u>(565)</u>	<u>(3 316)</u>	<u>564 792</u>	<u>26 336</u>	<u>30 161</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 445</u>	<u>\$ 68 057</u>	<u>\$ 564 792</u>	<u>\$ 26 336</u>	<u>\$ 30 161</u>

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ -	\$ 29 653	\$ 1 342	\$ 1 132	\$ 8 132	\$ (27 107)	\$ (1 323)
16 346	-	-	139 233	-	149	-
-	-	-	-	-	219 250	-
-	500	-	-	-	-	-
<u>\$ 16 346</u>	<u>\$ 30 153</u>	<u>\$ 1 342</u>	<u>\$ 140 365</u>	<u>\$ 8 132</u>	<u>\$ 192 292</u>	<u>\$ (1 323)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 994	\$ 1 801
-	-	1 038	-	-	-	-
-	-	-	-	-	-	547
-	-	1 038	-	-	994	2 348
-	-	-	-	-	219 250	-
-	-	-	-	-	219 250	-
-	-	1 038	-	-	220 244	2 348
16 346	30 153	304	140 365	8 132	(27 952)	(3 671)
16 346	30 153	304	140 365	8 132	(27 952)	(3 671)
<u>\$ 16 346</u>	<u>\$ 30 153</u>	<u>\$ 1 342</u>	<u>\$ 140 365</u>	<u>\$ 8 132</u>	<u>\$ 192 292</u>	<u>\$ (1 323)</u>

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET - CONTINUED  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2022

	JURY FUND	TRUANCY FUND	AMERICAN RESCUE PLAN GRANT	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 248	\$ 339	\$ 845 396	\$ -	\$ 924 958
Investments	-	12 141	-	-	787 314
Receivables	-	-	-	-	222 450
Due from other funds	-	-	-	-	500
<b>TOTAL ASSETS</b>	<b>\$ 248</b>	<b>\$ 12 480</b>	<b>\$ 845 396</b>	<b>\$ -</b>	<b>\$ 1 935 222</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2 795
Due to other funds	-	-	-	-	73 421
Accrued expenses	-	-	-	-	547
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76 763</b>
<b>Deferred Inflows:</b>					
Unavailable revenue	-	-	-	-	219 250
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219 250</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296 013</b>
<b>Fund Balance:</b>					
Restricted	248	12 480	845 396	-	1 639 209
<b>TOTAL FUND BALANCE</b>	<b>248</b>	<b>12 480</b>	<b>845 396</b>	<b>-</b>	<b>1 639 209</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 248</b>	<b>\$ 12 480</b>	<b>\$ 845 396</b>	<b>\$ -</b>	<b>\$ 1 935 222</b>

See independent auditors' report.



CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended September 30, 2022

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
Revenues:					
Taxes	\$ -	\$ 2 566	\$ 391 537	\$ -	\$ -
Grants and contributions	-	-	-	-	-
Fines and fees	-	-	-	3 668	4 983
Charges for services	-	-	-	-	-
Other	10 587	-	12 508	-	-
TOTAL REVENUES	10 587	2 566	404 045	3 668	4 983
Expenditures:					
Public safety	-	-	-	600	-
Community services	15 016	11 250	59 595	-	-
Streets and drainage	-	-	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	15 016	11 250	59 595	600	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4 429)	(8 684)	344 450	3 068	4 983
Other Financing Sources (Uses):					
Interest	-	-	4 157	199	220
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	(238 000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(233 843)	199	220
NET CHANGE IN FUND BALANCE	(4 429)	(8 684)	110 607	3 267	5 203
Fund balance, beginning of year	3 864	5 368	454 185	23 069	24 958
FUND BALANCE, END OF YEAR	\$ (565)	\$ (3 316)	\$ 564 792	\$ 26 336	\$ 30 161

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ -	\$ -	\$ -	\$ 31 427	\$ -	\$ -	\$ -
-	3 000	-	-	-	199 281	724
-	-	-	-	-	-	-
-	-	-	-	-	-	125 198
-	-	-	-	-	-	-
-	3 000	-	31 427	-	199 281	125 922
401	-	-	-	-	-	-
-	-	1	-	-	362 485	130 205
-	-	-	-	-	-	-
-	-	-	28 223	-	-	-
401	-	1	28 223	-	362 485	130 205
(401)	3 000	(1)	3 204	-	(163 204)	(4 283)
127	-	-	1 063	63	70	-
-	-	-	26 928	-	-	7 150
-	-	-	-	-	-	-
127	-	-	27 991	63	70	7 150
(274)	3 000	(1)	31 195	63	(163 134)	2 867
16 620	27 153	305	109 170	8 069	135 182	(6 538)
\$ 16 346	\$ 30 153	\$ 304	\$ 140 365	\$ 8 132	\$ (27 952)	\$ (3 671)

CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2022

	JURY FUND	TRUANCY FUND	AMERICAN RESCUE PLAN GRANT	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 425 530
Grants and contributions	-	-	204 250	-	407 255
Fines and fees	99	4 938	-	-	13 688
Charges for services	-	-	-	-	125 198
Other	-	-	-	-	23 095
TOTAL REVENUES	<u>99</u>	<u>4 938</u>	<u>204 250</u>	<u>-</u>	<u>994 766</u>
Expenditures:					
Public safety	-	-	-	-	1 001
Community services	-	-	-	-	578 552
Streets and drainage	-	-	-	432 886	432 886
Debt service	-	-	-	-	28 223
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>432 886</u>	<u>1 040 662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99</u>	<u>4 938</u>	<u>204 250</u>	<u>(432 886)</u>	<u>(45 896)</u>
Other Financing Sources (Uses):					
Interest	-	83	-	-	5 982
Operating transfers in	-	-	-	432 886	466 964
Operating transfers (out)	-	-	-	-	(238 000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>83</u>	<u>-</u>	<u>432 886</u>	<u>234 946</u>
NET CHANGE IN FUND BALANCE	99	5 021	204 250	-	189 050
Fund balance, beginning of year	<u>149</u>	<u>7 459</u>	<u>641 146</u>	<u>-</u>	<u>1 450 159</u>
FUND BALANCE, END OF YEAR	\$ <u>248</u>	\$ <u>12 480</u>	\$ <u>845 396</u>	\$ <u>-</u>	\$ <u>1 639 209</u>

See independent auditors' report.

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES - PROPRIETARY FUNDS  
Year Ended September 30, 2022

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Revenues:			
Charges for Service:			
Water charges	\$ 3 257 247	\$ -	\$ 3 257 247
Sewer charges	1 152 139	-	1 152 139
Sanitation charges	-	1 696 280	1 696 280
TOTAL	<u>4 409 386</u>	<u>1 696 280</u>	<u>6 105 666</u>
Taps and Connections:			
Water taps and connections	14 570	-	14 570
Sewer taps and connections	2 500	-	2 500
TOTAL	<u>17 070</u>	<u>-</u>	<u>17 070</u>
Miscellaneous Revenue:			
Administrative fees	5 380	-	5 380
Penalties	44 059	-	44 059
Reconnection fees	27 925	-	27 925
Miscellaneous receipts	13 868	1 298	15 166
TOTAL	<u>91 232</u>	<u>1 298</u>	<u>92 530</u>
TOTAL OPERATING REVENUES	<u>\$ 4 517 688</u>	<u>\$ 1 697 578</u>	<u>\$ 6 215 266</u>
Nonoperating Revenues:			
Grants and contributions	\$ 593 828	\$ -	\$ 593 828
Other revenue	2 788	-	2 788
Income from investments	18 328	2 754	21 082
TOTAL NONOPERATING REVENUES	<u>\$ 614 944</u>	<u>\$ 2 754</u>	<u>\$ 617 698</u>

See independent auditors' report.

CITY OF CENTER, TEXAS  
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS  
Year Ended September 30, 2022

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Expenses:			
Nondepartmental:			
Payroll	\$ 214	\$ -	\$ 214
Supplies	19 274	-	19 274
Contractual services	27 520	-	27 520
Sundry charges	41 324	-	41 324
Utilities	118 864	-	118 864
Capital outlay	47 534	-	47 534
TOTAL	<u>254 730</u>	<u>-</u>	<u>254 730</u>
Public Works:			
Payroll	166 138	-	166 138
Supplies	4 867	-	4 867
Contractual services	38 056	-	38 056
Utilities	10 926	-	10 926
Sundry charges	4 079	-	4 079
Maintenance	21 208	-	21 208
TOTAL	<u>245 274</u>	<u>-</u>	<u>245 274</u>
Water Production:			
Payroll	409 033	-	409 033
Supplies	382 551	-	382 551
Contractual services	77 531	-	77 531
Utilities	261 196	-	261 196
Sundry charges	17 933	-	17 933
Maintenance	93 804	-	93 804
TOTAL	<u>1 242 048</u>	<u>-</u>	<u>1 242 048</u>
Water Distribution:			
Payroll	175 657	-	175 657
Supplies	9 193	-	9 193
Contractual services	18 605	-	18 605
Utilities	1 373	-	1 373
Sundry charges	1 180	-	1 180
Maintenance	82 243	-	82 243
TOTAL	<u>288 251</u>	<u>-</u>	<u>288 251</u>
Sewer Collection:			
Payroll	126 671	-	126 671
Supplies	5 130	-	5 130
Contractual services	12 732	-	12 732
Utilities	29 413	-	29 413
Sundry charges	384	-	384
Maintenance	13 718	-	13 718
TOTAL	<u>188 048</u>	<u>-</u>	<u>188 048</u>
Sewer Treatment:			
Payroll	209 435	-	209 435
Supplies	91 939	-	91 939
Contractual services	235 061	-	235 061
Utilities	71 507	-	71 507
Sundry charges	21 298	-	21 298
Maintenance	18 938	-	18 938
TOTAL	<u>648 178</u>	<u>-</u>	<u>648 178</u>
Sanitation:			
Contractual services	-	1 519 571	1 519 571
Maintenance	-	1 398	1 398
TOTAL	<u>-</u>	<u>1 520 969</u>	<u>1 520 969</u>
Depreciation:			
Depreciation	658 240	-	658 240
TOTAL OPERATING EXPENSES	<u>\$ 3 524 769</u>	<u>\$ 1 520 969</u>	<u>\$ 5 045 738</u>
Nonoperating Expense:			
Interest expense	\$ 159 153	\$ -	\$ 159 153
TOTAL NONOPERATING EXPENSE	<u>\$ 159 153</u>	<u>\$ -</u>	<u>\$ 159 153</u>

See independent auditors' report.

CITY OF CENTER, TEXAS  
COMBINED COMPONENT UNITS  
STATEMENT OF NET POSITION  
Year Ended September 30, 2022

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
<b>ASSETS</b>				
Cash	\$ (1 651)	\$ 1 502	\$ 22 862	\$ 22 713
Investments	2 775 971	1 609 229	-	4 385 200
Due from state	40 246	80 493	-	120 739
Notes receivable	255 838	-	-	255 838
Accrued interest receivable	3 940	-	-	3 940
Land	289 530	-	-	289 530
<b>TOTAL ASSETS</b>	<b>3 363 874</b>	<b>1 691 224</b>	<b>22 862</b>	<b>5 077 960</b>
<b>LIABILITIES</b>				
Accounts payable	310	150 686	-	150 996
<b>TOTAL LIABILITIES</b>	<b>310</b>	<b>150 686</b>	<b>-</b>	<b>150 996</b>
<b>NET POSITION</b>				
Net, investment in capital assets	289 530	-	-	289 530
Unrestricted	3 074 034	1 540 538	22 862	4 637 434
<b>TOTAL NET POSITION</b>	<b>\$ 3 363 564</b>	<b>\$ 1 540 538</b>	<b>\$ 22 862</b>	<b>\$ 4 926 964</b>

See independent auditors' report.

CITY OF CENTER, TEXAS  
COMBINED COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2022

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
Revenues:				
Sales tax	\$ 501 262	\$ 1 002 525	\$ -	\$ 1 503 787
Interest income	-	8 839	8	8 847
TOTAL REVENUES	<u>501 262</u>	<u>1 011 364</u>	<u>8</u>	<u>1 512 634</u>
Expenditures:				
Administration	60 000	30 000	-	90 000
Contractual	7 636	1 520	2 560	11 716
Sundry	1 986	128	-	2 114
Incentives and projects	52 011	-	-	52 011
Supplies	5	-	-	5
TOTAL EXPENDITURES	<u>121 638</u>	<u>31 648</u>	<u>2 560</u>	<u>155 846</u>
NET OPERATING INCOME (LOSS)	<u>379 624</u>	<u>979 716</u>	<u>(2 552)</u>	<u>1 356 788</u>
Other Financing Sources (Uses):				
Interest income	23 239	-	-	23 239
TIF loan interest income	5 944	-	-	5 944
Transfer (to) from City	(62)	(582 928)	-	(582 990)
TOTAL OTHER FINANCING SOURCES (USES)	<u>29 121</u>	<u>(582 928)</u>	<u>-</u>	<u>(553 807)</u>
CHANGE IN NET POSITION	408 745	396 788	(2 552)	802 981
Fund Balance/Net Position:				
Beginning of year	<u>2 954 819</u>	<u>1 143 750</u>	<u>25 414</u>	<u>4 123 983</u>
END OF YEAR	<u>\$ 3 363 564</u>	<u>\$ 1 540 538</u>	<u>\$ 22 862</u>	<u>\$ 4 926 964</u>

See independent auditors' report.

## STATISTICAL SECTION



CITY OF CENTER, TEXAS  
INSURANCE COVERAGE  
September 30, 2022  
"UNAUDITED"

INSURER	RISK COVERED		PERIOD COVERED		AMOUNT OF INSURANCE
Texas Municipal League	Law Enforcement Liability	*	10/01/21 to 10/01/22	\$	1 000 000
Texas Municipal League	Public Officials (Excess Coverage)	*	10/01/21 to 10/01/22	\$	100 000
Deep East Texas Self Insurance Fund	Worker's Compensation	*	10/01/21 to 10/01/22		Statutory
Texas Municipal League	Real and Personal Property	*	10/01/21 to 10/01/22	\$	
Texas Municipal League	General Liability	*	10/01/21 to 10/01/22	\$	1 000 000
Texas Municipal League	Airport Liability	*	10/01/21 to 10/01/22	\$	1 000 000
Texas Municipal League	Mobile Equipment	*	10/01/21 to 10/01/22	\$	277 482
Texas Municipal League	Automobile Liability	*	10/01/21 to 10/01/22	\$	1 000 000
Texas Municipal League	Auto Physical Damage	*	10/01/21 to 10/01/22	\$	Actual Cash Value
Texas Municipal League	Public Employee Dishonesty	*	10/01/21 to 10/01/22	\$	25 000
Texas Municipal League	Errors and Omissions Liability	*	10/01/21 to 10/01/22	\$	1 000 000
Texas Municipal League	Sudden Events Involving Pollution	*	10/01/21 to 10/01/22	\$	1 000 000

\* Renewed at 10/01/2022

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS  
September 30, 2022  
"UNAUDITED"

The following schedule of rates was in effect for year ended September 30:

Water Rates:

A. Monthly Minimum Charge:

Meter Size	Residential	Commercial	Small Industrial/ Manufacturer 200,000 Gallons Incl.	Wholesale 50,000 Gallons Incl.	Large Industrial Manufacturer 5,000,000 Gallons Incl.	Industrial/Manufacturer Supplemental Meter Charges at Same Facility
5/8	\$12.50	\$13.25				
3/4	\$12.50	\$13.25				
1	\$17.60	\$19.50				
1.5	\$26.00	\$28.75				
2	\$35.00	\$38.25	\$ 895	\$ 290	\$13 650	\$ 55
3	\$53.00	\$57.25	\$1 000	\$ 390	\$14 000	\$ 155
4	\$70.75	\$76.50	\$1 155	\$ 550	\$14 400	\$ 345
6	\$106.00	\$114.25	\$1 500	\$ 860	\$15 000	\$ 650
8			\$1 950	\$1 400	\$15 850	\$1 120
10			\$2 600	\$1 975	\$17 100	\$1 800
Sprinklers	\$20.00	\$20.00				

B. Unit Cost Per 1,000 Gallons:

Residential and sprinklers	\$ 4.00
Commercial	\$ 4.60
Small industrial/manufacturer	\$ 3.75
Wholesale	\$ 3.75
Large industrial/manufacturer	\$ 2.40
Over 1.75M/day or 30M/month	\$ 2.90
Over 2M/day or 40M/month	\$ 3.90
Bulk water	\$ 4.00

C. Outside City Limits:

Rates are double the rates expressed in A and B above.

Sewer Rates:

Residential:

Inside City Limits:

Minimum

\$15.00 plus 1/2 of Water

Maximum

\$45.00

Commercial:

Minimum

\$16.50 plus 1/2 of Water

Maximum

None

Industrial:

Minimum

\$17.00 plus 55% of Water

Maximum

None

Fixed Rates (Tyson office account)

\$285 per month

Outside City Limits:

The rate for services furnished outside the City limits shall be double the rate for the same service supplied inside the City limits.

Sewer Disposal

\$0.06 per gallon

Garbage Rates:

Residential	\$23.25
Commercial Small	\$27.75
Commercial Large	\$38.25

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2022  
"UNAUDITED"

Commercial Dumpster Rates:

p/u per week	1X	2X	3X	4X	5X	6X	Extra Collections
Size							
2 Yard	99.00	170.00	231.75	304.00	387.50		41.25
3 Yard	109.25	192.75	273.00	358.50	443.00		43.50
4 Yard	123.75	208.25	288.50	393.50	484.25		45.50
6 Yard	151.50	222.50	324.50	412.00	505.75		47.50
8 Yard	185.50	331.75	468.75	680.00	748.00	867.50	49.50

Industrial, Compactor or Special Services:

Special services other than hand pickup and dumpster services shall be billed at the current billing rates of the contract provider.

Utility Tap Fees:

1. Water

Meter Size	Inside City Limits Fee	Outside City Limits Fee
¾ inch	\$800.00 + Street Cut Repairs	\$1,600.00 + Street Cut Repairs
1 inch	\$925.00 + Street Cut Repairs	\$1,850.00 + Street Cut Repairs
1 ½ inch	\$1,150.00 + Street Cut Repairs	\$2,300.00 + Street Cut Repairs
2 inch	\$1,300.00 + Street Cut Repairs	\$2,650.00 + Street Cut Repairs
Any Larger Size	Cost of Meter, Materials, Labor and Street Cut Repairs	Cost of Meter, Materials, Labor and Street Cut Repairs

2. Sewer

Service Size	Inside City Limits Fee	Outside City Limits Fee
4 inch	\$400.00 + Street Cut Repairs	\$800.00 + Street Cut Repairs
6 inch	\$550.00 + Street Cut Repairs	\$1,100.00 + Street Cut Repairs

Utility Deposits:

Type Service			Deposit
Water	-	\$	125.00
Water, Sewer and Garbage Collection	-	\$	125.00
Commercial/Industrial Water, Sewer and Garbage Collection	-	\$	200.00
Garbage Collection Only	-	\$	40.00
Risk Account Additional Deposit	-	\$	125.00

Utility Account Fees:

Administrative Fee	-	\$	20.00
Broken Lock Fee	-	\$	30.00
Curb Stop Replacement Fee	-	\$	75.00
Payment Agreement Fee	-	\$	25.00
Utility Reconnect Fee	-	\$	75.00
Meter Removal/Reconnect Fee	-	\$	100.00
Cut-Off Valve Installation Fee	-	\$	35.00
Return Check Fee	-	\$	35.00
Meter Set Fee - 2 inch meter and below	-	\$	385.00
Meter Tampering Fee	-	\$	55.00
Dumpster Lock Fee	-	\$	6.00

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2022  
"UNAUDITED"

Permits:

PERMIT TYPE		
Garage Sale Permit		\$2
House Moving Permit		\$100
Itinerant Salesperson Business Annual Fee		\$50
Additional Fee Per Sales Person		\$15
Wrecker Permit - Annual Fee		\$10
Taxi Permit - Annual Fee		\$50
Construction Permits and Fees		
Electrical Permit/One Inspection		\$35
Each Additional Inspection (foundation, rough-in, final)		\$35
Plumbing Permit/One Inspection		\$35
Emergency Plumbing Inspection		\$200
Each Additional Inspection (foundation, rough-in, final)		\$35
Gas Inspection Fee		\$35
Building Permit and Inspections:		
Residential Construction		\$0.30 per sf for 1 <sup>st</sup> 1,000 sf
		\$0.20 per sf for 1,001 to 2,500 sf
		\$0.15 per sf for 2,501 sf +
Commercial/Industrial Construction		\$5 per \$1,000 for 1 <sup>st</sup> \$100K
		\$3 per \$1,000 for \$100K - \$250K
		\$2 per \$1,000 for \$250K and above
Minimum Permit Fee		\$35
Demolition (Any Structure/Building)		\$50
Piers, Etc. at Lake Pinkston		\$50
Zoning Fees		
Rezoning Request		\$150
Zoning Variance		\$300
Specific Use Request		\$150
Copy of Ordinance and Map		\$15

Airport Fees:

TYPE FEE		
Hangar/Building Leases		
Private T-Hangers		\$175
City-Owned Hangers		\$2 600
Additional Fees May Apply for Services in Hangers		
Ground Leases		\$0.13/SF
Fuel Flowage Fee		\$0.15/Gallon

Police and Municipal Court:

Police/Accident Reports		\$6/report
Fingerprinting		\$5

Recreation Program Fees:

(Park/5K Permit/Set Up Fee - \$25) (Race Equipment Rental - \$200 per race, plus supply cost) (Late Registration Fee - \$15 per participant) (Payment Plan Fee - \$5 per participant)

Recreation Program Registration		
Baseball		
4 Year Old		\$70
5-12 Year Old		\$90
13-14 Year Old		\$110
Softball		\$80
Football		
Flag Football		\$80
Tackle Football		\$105
Soccer		\$70
Basketball		\$60

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2022  
"UNAUDITED"

Miscellaneous:

Animal Control		
Reclaimed Animal Charge		\$10/Day
Carnival/Festival Permit		\$500
Downtown Electric Use Fee		\$50/Day
Temporary Road Closure (e.g. Parade, road 5K's requiring TxDOT closure)		\$100
Record Request Charges		
Copies		\$0.10/page
Computer Printouts		\$0.25/page
Other Charges		Per Texas State Library Fee Schedule

At September 30, 2022, the records of the City indicated the following system connections:

Water System	2 448
Sewer System	2 072
Garbage System	2 100

## COMPLIANCE SECTION

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

Honorable Mayor and City Council  
City of Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Center, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Center, Texas' basic financial statements, and have issued our report thereon dated April 24, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the significant deficiencies noted in findings 2022-01.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Lufkin, Texas  
April 24, 2023

  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Honorable Mayor and Members of the City Council:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, which could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Center and to meet our other 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Center's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Center's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alto Independent School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alto Independent School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Obtain an understanding of the City of Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Conclusion**

This report is intended for the information and use of management, council members, others within the entity, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lufkin, Texas  
April 24, 2023

  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CENTER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2022

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        None Reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Uniform Guidance?        Yes   X   No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster*
21.027	Coronavirus Local Fiscal Recovery Fund Grant
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Federal programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

B. Financial Statement Findings

Finding 2022-01:

Condition - Lack of segregation of duties in payroll function.

Cause - Changes in City personnel increased the access to payroll data for several positions.

Effect - payroll and HR activity have more risk of inappropriate or incorrect activity.

Recommendation - The City should restrict user access to payroll functions.

Response - The City is correcting user access controls in the software.

C. Federal Compliance Findings

None

CITY OF CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. Department of Treasury:		
Passed through Texas Division of Emergency Management:		
Coronavirus Local Fiscal Recovery Fund	21.027	\$ 538 068
TOTAL U.S. DEPARTMENT OF TREASURY		<u>538 068</u>
U.S. Department of Justice:		
Community Policing Grant	16.710	76 794
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>76 794</u>
U.S. Department of Housing and Urban Development:		
Passed through Texas Department of Agriculture:		
Community Development Block Grant	14.228	444 424
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>444 424</u>
U.S. Department of Homeland Security:		
Passed through Texas Division of Emergency Management:		
Disaster Assistance	97.036	35 691
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>35 691</u>
U.S. Department of Transportation:		
Passed through Texas Department of Transportation:		
Airport Improvement Program	20.106	32 000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>32 000</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS		 <u>\$ 1 126 977</u>

See independent auditors' report.

CITY OF CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
September 30, 2022

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Center under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Center.
2. For all federal programs, the City uses the fund types specified in Governmental Accounting Standards. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a governmental fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net fund balance.

The modified accrual basis of accounting is used for the governmental fund types, and agency funds. The basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3 Uniform Guidance Compliance Statement - Provisional 6/97.
5. City of Center has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

CITY OF CENTER, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2022

Findings/Recommendation	Current Status	Management's Explanation if Not Implemented
<u>Finding 2021-01:</u> Inadequately secured investments	Resolved	N/A
<u>Finding 2021-02:</u> Segregation of duties in park department	Resolved	N/A

CITY OF CENTER, TEXAS  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2022

Finding 2022-01:

Finding - City management will review the payroll access in the system and reduce or eliminate access to restricted levels assuring an adequate segregation of duties in the payroll function.

Contact - City Manager

Estimated Completion - During the next fiscal cycle