

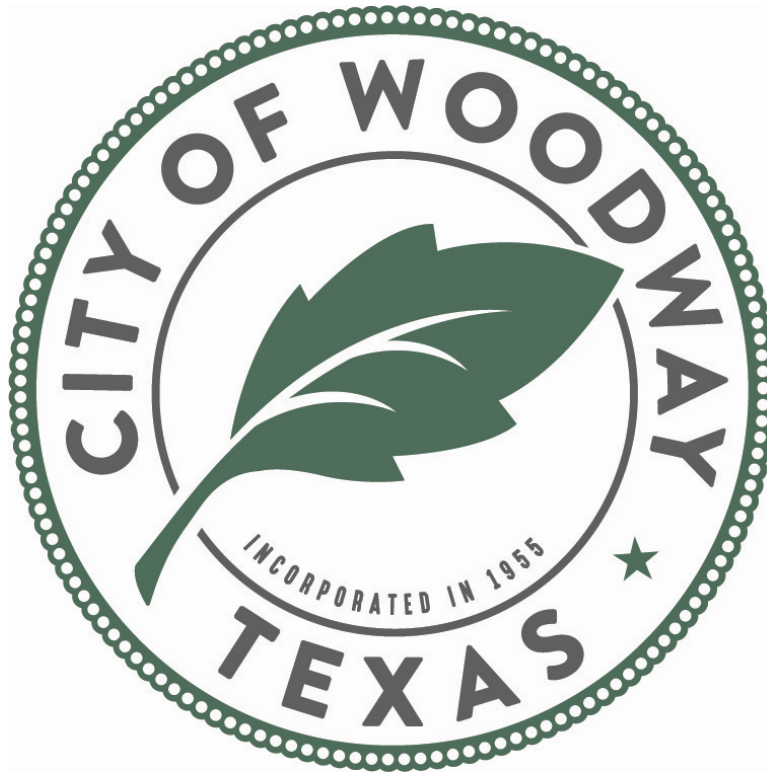


ANNUAL FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2022

CITY OF
WOODWAY, TEXAS

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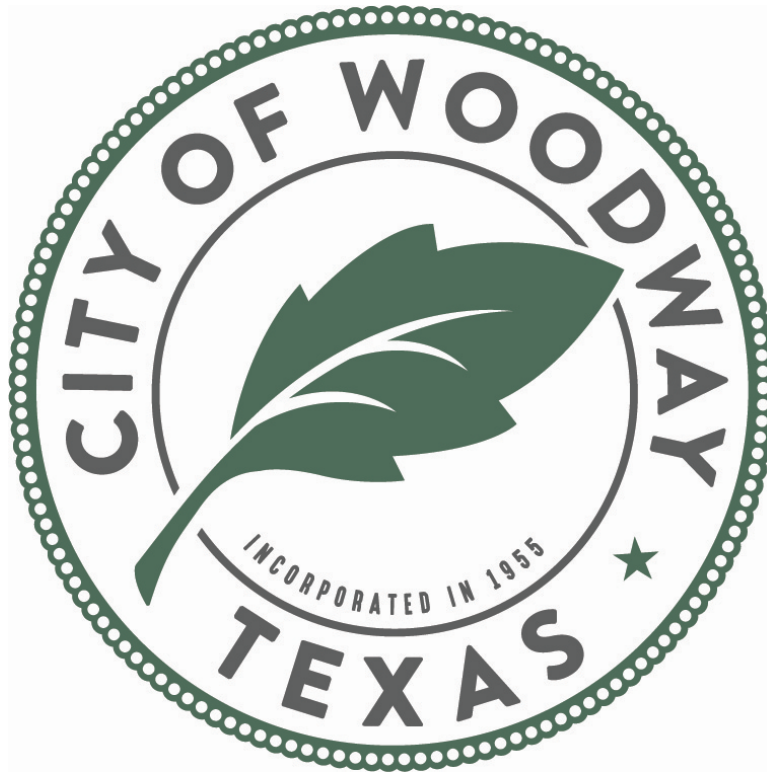
ANNUAL FINANCIAL REPORT

of the

City of Woodway, Texas

**For the Year Ended
September 30, 2022**

Prepared by:
Finance Department



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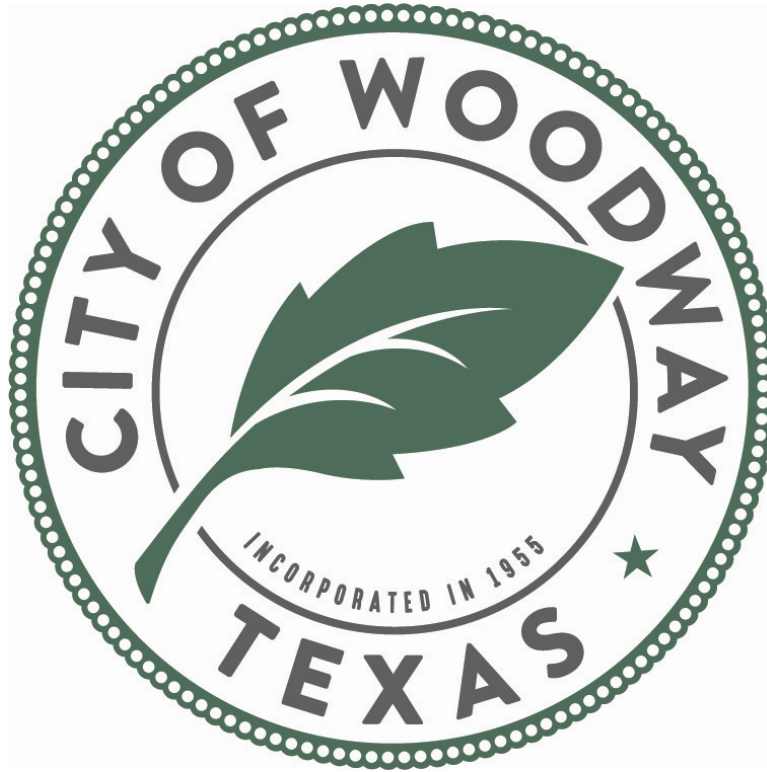
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodway, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodway, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Woodway, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.E to the financial statements, due to corrections to accrued receivables and liabilities in the prior year, the City restated its beginning net position/fund balance within governmental activities and the general fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, and budgetary comparison information 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.

Other Information

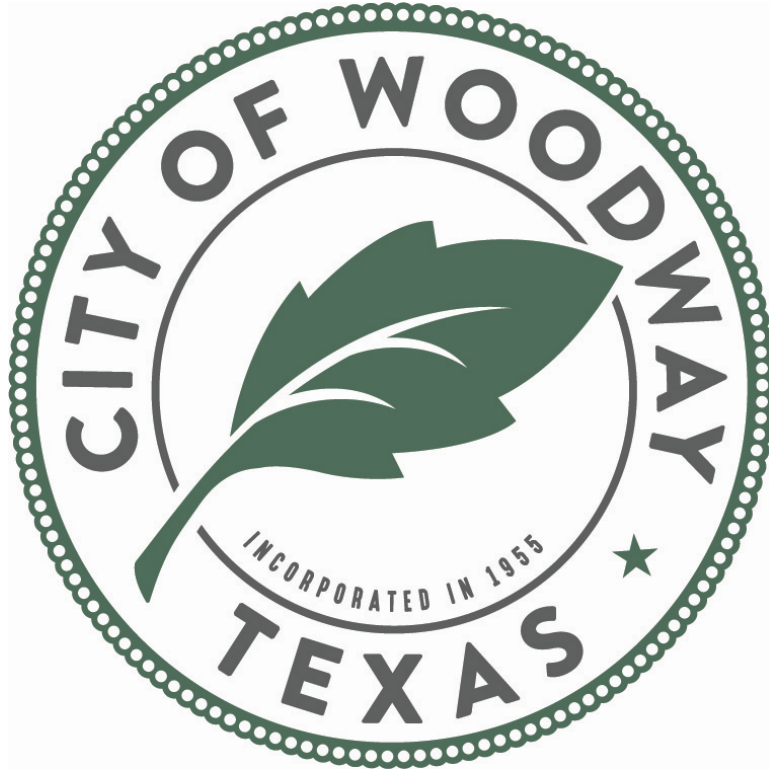
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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.



Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
March 24, 2023



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*



City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2022

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

Financial Highlights

- The City's total combined net position was \$54,095,526 at September 30, 2022. Of this, \$11,933,962 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$22,168,101, an increase of \$198,395.
- As of the end of the year, the unassigned fund balance of the general fund was \$4,294,265 or 38% of total general fund expenditures.
- The City had an overall increase in net position of \$3,580,752, which is primarily due to new capital investments and reduction of long-term debt in the current year.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

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, highways and streets, sanitation services, economic development, and culture and recreation. The business-type activities of the City include a water and sewer operations.

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

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

The City of Woodway, Texas maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, Family Center capital projects, and general capital projects funds, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Woodway, Texas adopts an annual appropriated budget for its general fund and two capital projects funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

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

City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

information for the water and sewer fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

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

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

Government-Wide Financial Analysis

As noted previously, net position over time, may serve as a useful indicator of the City's financial position. For the City of Woodway, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$54,095,526 as of September 30, 2022.

The largest portion of the City's net position, \$40,280,253, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total capital assets of the primary government increased due to the continued investment in street and utility infrastructure.

Total other liabilities of the primary government increased as a result of nonrecurring funds held in escrow on behalf of a developer that were refunded subsequent to yearend. In addition, grant fund were received in advance of commencing new utility projects as of yearend.

Total long-term liabilities of the primary government decreased due to principal payments made in the current year, as well as the decrease in the City's net pension liability over the course of the year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 24,707,553	\$ 14,975,985	\$ 39,683,538	\$ 23,197,777	\$ 16,855,880	\$ 40,053,657
Capital assets, net	26,827,776	28,976,608	55,804,384	25,573,145	26,303,553	51,876,698
Total Assets	51,535,329	43,952,593	95,487,922	48,770,922	43,159,433	91,930,355
Deferred Outflows	1,151,505	212,540	1,364,045	1,165,463	232,461	1,397,924
Other liabilities	3,194,875	4,477,212	7,672,087	2,155,299	3,713,950	5,869,249
Long-term liabilities	9,048,700	24,154,443	33,203,143	10,590,532	25,601,614	36,192,146
Total Liabilities	12,243,575	28,631,655	40,875,230	12,745,831	29,315,564	42,061,395
Deferred Inflows	1,662,787	218,424	1,881,211	661,857	90,253	752,110
Net Position:						
Net investment in capital assets	25,822,862	14,457,391	40,280,253	24,912,051	12,658,488	37,570,539
Restricted - expendable	1,057,102	-	1,057,102	3,804,067	389,096	4,193,163
Restricted - nonexpendable	824,209	-	824,209	908,525	-	908,525
Unrestricted	11,076,299	857,663	11,933,962	6,904,054	938,493	7,842,547
Total Net Position	\$ 38,780,472	\$ 15,315,054	\$ 54,095,526	\$ 36,528,697	\$ 13,986,077	\$ 50,514,774

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Activities:

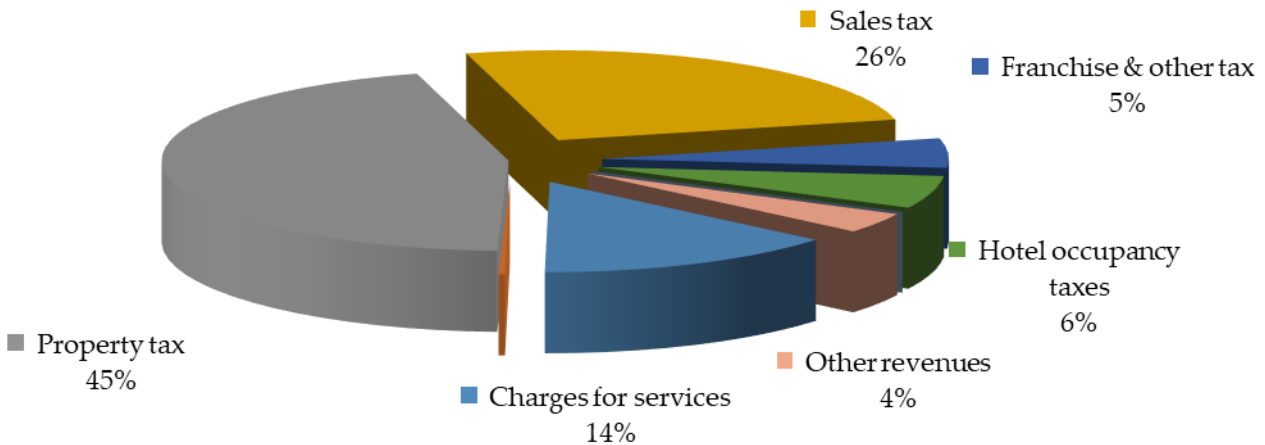
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
			Total			Total
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 2,087,564	\$ 7,190,513	\$ 9,278,077	\$ 1,870,437	\$ 5,577,123	\$ 7,447,560
Grants & contri.	44,358	-	44,358	333,279	377,444	710,723
General revenues:						
Property tax	6,688,700	-	6,688,700	5,872,654	-	5,872,654
Sales tax	3,784,486	-	3,784,486	3,369,543	-	3,369,543
Franchise & other tax	780,753	-	780,753	684,473	-	684,473
Hotel occupancy taxes	867,525	-	867,525	593,392	-	593,392
Investment income, net	31,381	98,016	129,397	374,620	10,284	384,904
Other revenues	398,405	76,578	474,983	187,199	116,959	304,158
Total Revenues	14,683,172	7,365,107	22,048,279	13,285,597	6,081,810	19,367,407
Expenses						
General government	1,832,364	-	1,832,364	1,659,967	-	1,659,967
Public safety	6,147,066	-	6,147,066	5,985,876	-	5,985,876
Highways & streets	1,002,204	-	1,002,204	977,290	-	977,290
Sanitation	1,134,755	-	1,134,755	1,026,400	-	1,026,400
Economic dev.	754,995	-	754,995	715,161	-	715,161
Culture & recreation	1,481,062	-	1,481,062	1,528,574	-	1,528,574
Interest & fiscal chrgs.	212,913	-	212,913	134,213	-	134,213
Water & sewer	-	5,902,168	5,902,168	-	5,781,982	5,781,982
Total Expenses	12,565,359	5,902,168	18,467,527	12,027,481	5,781,982	17,809,463
Change in Net Position						
Before Transfers	2,117,813	1,462,939	3,580,752	1,258,116	299,828	1,557,944
Transfers in (out)	133,962	(133,962)	-	121,390	(121,390)	-
Total	133,962	(133,962)	-	121,390	(121,390)	-
Change in Net Position	2,251,775	1,328,977	3,580,752	1,379,506	178,438	1,557,944
Beginning Net Position	36,528,697	13,986,077	50,514,774	35,149,191	13,807,639	48,956,830
Ending Net Position	\$ 38,780,472	\$ 15,315,054	\$ 54,095,526	\$ 36,528,697	\$ 13,986,077	\$ 50,514,774

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

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

Governmental Activities - Revenues

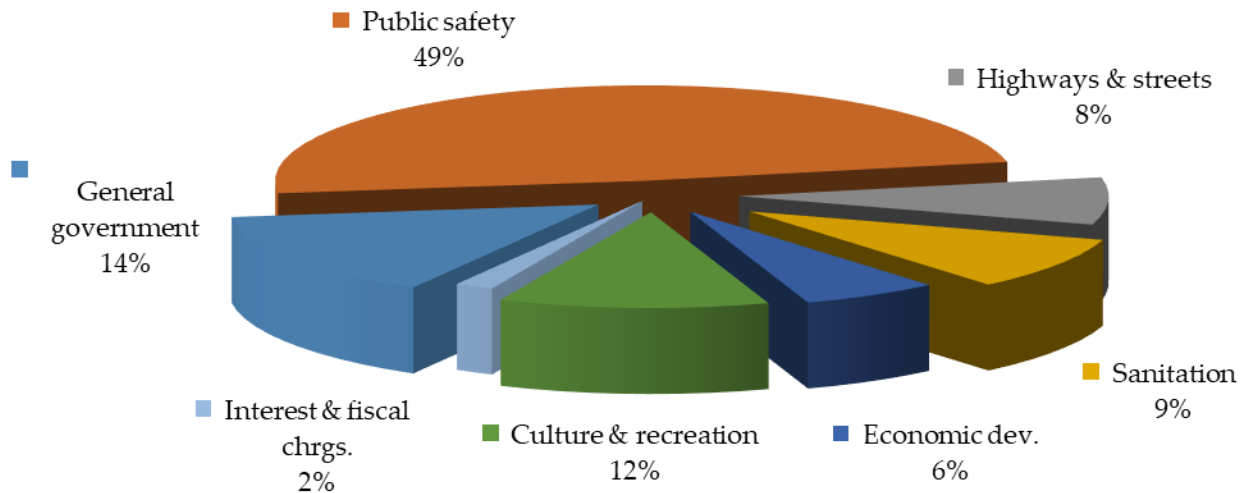


For the year ended September 30, 2022, revenues from governmental activities totaled \$14,683,172. Overall revenues increased by \$1,397,575 or 11%. Sales tax and property tax are the City's largest revenue sources. Grants and contributions decreased by \$288,921 or 87% prior due to nonrecurring highways/streets capital contributions received in the prior year. Sales taxes and franchise taxes increased by \$414,943 or 12% and \$96,280 or 14%, respectively, resulting from economic growth fueled by local purchases. Property taxes increased by \$816,046 or 14%, which is a result of greater rates and appraised values in the current year. Charges for services increased by \$217,127 or 12% primarily due to greater building permit revenue, increased garbage service rates, and additional customers in the current year. Hotel occupancy tax revenues increased by \$274,133 or 46% primarily as a result of more travel to the City and collections from all six hotels throughout the entire fiscal year. One hotel opened midway during the prior year, as such the City was able to collect the first full year of occupancy taxes. Investment income decreased by \$343,239 or 89% as a result of nonrecurring losses recognized on the Arboretum endowment investments in the current year. Other revenues increased by \$211,206 or 69% primarily due to nonrecurring proceeds received from sale of capital assets in the current year. All other revenues remained relatively stable when compared to the prior year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



For the year ended September 30, 2022, expenses for governmental activities totaled \$12,565,359. This represents an increase of \$537,878 or 4% compared to the prior year. The City's largest functional expense is public safety of \$6,147,066, which remained relatively consistent with the prior year. General government expenses increased by \$172,397 or 10% primarily due to greater personnel costs resulting from merit and cost of living raises and a new stipend. Interest and fiscal charges increased by \$78,700 or 59% primarily as a result of additional interest payments made on the 2021 Family Center bond that was issued in the previous year. The fiscal year ending September 30, 2022 was the initial year these interest payments were due. All other expenses remained relatively stable when compared to the prior year.

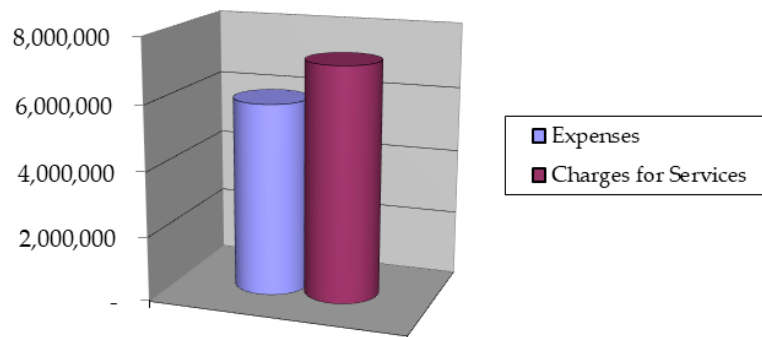
City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2022, charges for services by business-type activities totaled \$7,190,513. This is an increase of \$1,613,390, or 29%, which is a direct result of City growth and increased consumption.

Total expenses increased by \$120,186 or 2%, which is considered relatively consistent year over year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2022, the City's governmental funds reported combined fund balances of \$22,168,101, an increase of \$198,395 in comparison with the prior year. Approximately 19% of this amount, \$4,294,265, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is either 1) not in spendable form, \$842,494, 2) restricted for particular purposes, \$7,444,297, 3) committed for specific purposes, \$9,575,130, or 4) assigned for particular purpose, \$11,915.

As of the end of the year the general fund reflected a total fund balance of \$4,356,054. The general fund increased by \$116,644. This is primarily a result of actual revenues exceeding budgeted revenues, and less than anticipated expenditures over the course of the year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2022

The Family Center Improvements fund reflected a fund balance of \$7,068,770, a decrease of \$445,602 compared to the prior year, which is a direct result of current year capital outlay expenditures exceeding investment income.

The general capital projects fund reflected a fund balance of \$5,783,748, an increase of \$452,519, which is primarily due to transfers received from the general fund.

There was an overall increase in the governmental fund balance of \$198,395. This is primarily due to revenues and other financing sources exceeding current year expenditures.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive budget variance of \$1,177,995 before other financing sources and uses in the general fund, and a total positive budget variance of \$116,644 after other financing sources and uses. Budgeted revenue were less than actual revenue by \$796,937. Total actual expenditures were \$381,058 under budget.

Expenditures exceeded appropriations at the legal level of control in the amount of \$48,115 for highways and streets, \$81,430 for sanitation, and \$1,400,000 for transfers out. All other departmental expenditures were less than budgeted.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$26,827,776 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$28,976,608 in a variety of capital assets and infrastructure, net of accumulated depreciation.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

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

- Purchased four public safety vehicles for \$167,385.
- Street improvements totaling \$1,508,105.
- Construction on the new Family Center totaling \$395,159.
- Purchased Axon body cameras for \$177,040.
- Purchased Bobcat Track Loader for \$78,467.
- Purchased land on Wood Valley Drive and Estates Drive totaling \$94,365.
- LED light upgrades for \$22,500.
- Purchased new emergency warning siren for \$28,438.
- New vinyl flooring in the WPSD building for \$29,895.
- Irrigation improvements for Arboretum totaling \$49,000.
- New roof for White Hall totaling \$24,500.
- Sewer system improvements totaling \$2,831,517.
- Purchased a backup generator for the Summit Lift Station for \$50,148.
- Purchased a Hydraulic Pump for \$27,774.
- Purchased a 2022 Ford 550 for \$147,084.
- Purchased a 2023 dump truck for \$115,000.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of \$30,080,000. The outstanding bonds consist of \$1,785,00 of General Obligation Refunding Bonds and \$28,295,000 of Certificates of Obligations. The City made \$1,335,000 in principal payments on outstanding debt. More detailed information about the City's long-term liabilities is presented in note IV.G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Woodway, Texas's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, 922 Estates Drive Woodway, Texas 76712.

FINANCIAL STATEMENTS

City of Woodway, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 22,474,345	\$ 13,889,529	\$ 36,363,874
Investments	988,662	-	988,662
Receivables, net	1,226,261	1,086,456	2,312,717
Prepays	18,285	-	18,285
Total Current Assets	24,707,553	14,975,985	39,683,538
Capital assets:			
Non-depreciable	1,156,887	2,052,430	3,209,317
Net depreciable capital assets	25,670,889	26,924,178	52,595,067
Total Noncurrent Assets	26,827,776	28,976,608	55,804,384
Total Assets	51,535,329	43,952,593	95,487,922
<u>Deferred Outflows of Resources</u>			
Pension outflows	1,099,715	144,459	1,244,174
OPEB outflows	51,790	6,803	58,593
Deferred charge on refunding	-	61,278	61,278
Total Deferred Outflows of Resources	1,151,505	212,540	1,364,045

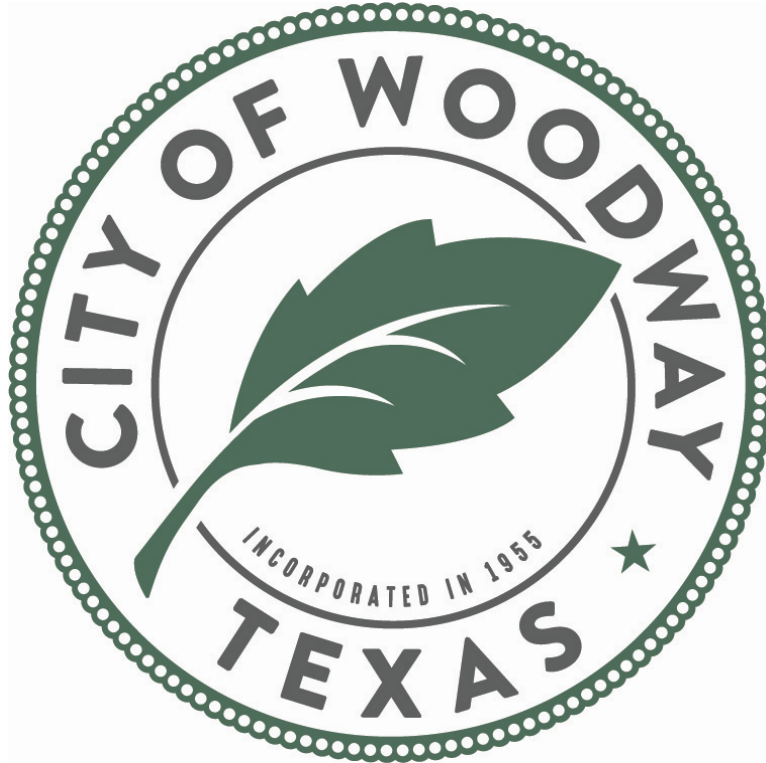
City of Woodway, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	2,116,240	758,123	2,874,363
Accrued liabilities	193,585	99,543	293,128
Accrued interest payable	49,331	86,313	135,644
Unearned revenue	110,700	2,240,439	2,351,139
Customer deposits	5,900	112,093	117,993
Compensated absences, current	464,119	35,701	499,820
Long-term debt, current	255,000	1,145,000	1,400,000
Total Current Liabilities	3,194,875	4,477,212	7,672,087
Noncurrent liabilities:			
Long-term debt, noncurrent	6,716,146	23,850,846	30,566,992
Compensated absences, noncurrent	51,569	3,967	55,536
Net pension liability	2,023,726	265,836	2,289,562
OPEB liability	257,259	33,794	291,053
Total Noncurrent Liabilities	9,048,700	24,154,443	33,203,143
Total Liabilities	12,243,575	28,631,655	40,875,230
<u>Deferred Inflows of Resources</u>			
Pension inflows	1,648,294	216,520	1,864,814
OPEB inflows	14,493	1,904	16,397
Total Deferred Inflows of Resources	1,662,787	218,424	1,881,211
<u>Net Position</u>			
Net investment in capital assets	25,822,862	14,457,391	40,280,253
Restricted for:			
Tourism	171,266	-	171,266
Family Center	171	-	171
Arboretum	44,783	-	44,783
Public safety	113,646	-	113,646
Debt service	45,661	-	45,661
Capital projects	681,575	-	681,575
Nonexpendable	824,209	-	824,209
Unrestricted	11,076,299	857,663	11,933,962
Total Net Position	\$ 38,780,472	\$ 15,315,054	\$ 54,095,526

See Notes to Financial Statements.



City of Woodway, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General government	\$ 1,832,364	\$ -	\$ 44,358	\$ -	\$ (1,788,006)	\$ -	\$ (1,788,006)
Public safety	6,147,066	323,792	-	-	(5,823,274)	-	(5,823,274)
Highways and streets	1,002,204	-	-	-	(1,002,204)	-	(1,002,204)
Sanitation	1,134,755	1,382,067	-	-	247,312	-	247,312
Economic development	754,995	223,982	-	-	(531,013)	-	(531,013)
Cultural and recreation	1,481,062	157,723	-	-	(1,323,339)	-	(1,323,339)
Interest and fiscal charges	212,913	-	-	-	(212,913)	-	(212,913)
Total Governmental Activities	12,565,359	2,087,564	44,358	-	(10,433,437)	-	(10,433,437)
Business-Type Activities							
Water & Sewer	5,902,168	7,190,513	-	-	-	1,288,345	1,288,345
Total Business-Type Activities	5,902,168	7,190,513	-	-	-	1,288,345	1,288,345
Total Primary Government	\$ 18,467,527	\$ 9,278,077	\$ 44,358	\$ -	(10,433,437)	1,288,345	(9,145,092)
General Revenues:							
Taxes							
Property tax					6,688,700	-	6,688,700
Sales tax					3,784,486	-	3,784,486
Franchise and local taxes					780,753	-	780,753
Hotel occupancy taxes					867,525	-	867,525
Investment income, net of losses					31,381	98,016	129,397
Other revenues					398,405	76,578	474,983
Transfers:					133,962	(133,962)	-
Total General Revenues and Transfers					12,685,212	40,632	12,725,844
Change in Net Position					2,251,775	1,328,977	3,580,752
Beginning Net Position					36,528,697	13,986,077	50,514,774
Ending Net Position					\$ 38,780,472	\$ 15,315,054	\$ 54,095,526

See Notes to Financial Statements.

City of Woodway, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General Fund	Family Center Improvements	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 4,934,326	\$ 7,088,370	\$ 6,055,337	\$ 4,396,312	\$ 22,474,345
Investments	245,000	-	-	743,662	988,662
Receivables, net	1,055,065	-	-	171,196	1,226,261
Prepays	18,285	-	-	-	18,285
Total Assets	\$ 6,252,676	\$ 7,088,370	\$ 6,055,337	\$ 5,311,170	\$ 24,707,553
<u>Liabilities</u>					
Accounts payable	\$ 1,686,495	\$ 19,600	\$ 271,589	\$ 138,556	\$ 2,116,240
Accrued liabilities	-	-	-	193,585	193,585
Customer deposits	5,900	-	-	-	5,900
Unearned revenue - rental revenue	110,700	-	-	-	110,700
Total Liabilities	1,803,095	19,600	271,589	332,141	2,426,425
<u>Deferred Inflows of Resources</u>					
Unavailable revenue					
Property taxes	93,527	-	-	19,500	113,027
Total Deferred Inflows of Resources	93,527	-	-	19,500	113,027
<u>Fund Balances</u>					
Nonspendable:					
Prepays	18,285	-	-	-	18,285
Endowment	-	-	-	824,209	824,209
Restricted for:					
Tourism	-	-	-	171,266	171,266
Family Center	-	-	-	171	171
Arboretum	-	-	-	44,783	44,783
Public safety	31,589	-	-	82,057	113,646
Debt service	-	-	-	45,661	45,661
Capital projects	-	7,068,770	-	-	7,068,770
Committed for:					
Capital projects	-	-	5,783,748	3,791,382	9,575,130
Assigned:					
Awards banquet	11,915	-	-	-	11,915
Unassigned	4,294,265	-	-	-	4,294,265
Total Fund Balances	4,356,054	7,068,770	5,783,748	4,959,529	22,168,101
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,252,676	\$ 7,088,370	\$ 6,055,337	\$ 5,311,170	\$ 24,707,553

See Notes to Financial Statements.

City of Woodway, Texas
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2022

Fund Balances - Total Governmental Funds	\$ 22,168,101
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	1,156,887
Capital assets - net depreciable	25,670,889
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	113,027
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an an outflow (inflow) of resources (expense/expenditure) (revenues) until then.	
Pension outflows	1,099,715
Pension inflows	(1,648,294)
OPEB outflows	51,790
OPEB inflows	(14,493)
Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.	
Accrued interest	(49,331)
Premiums on bonds payable	(496,146)
Compensated absences	(515,688)
Non-current liabilities due in one year	(255,000)
Non-current liabilities due in more than one year	(6,220,000)
Net pension liability	(2,023,726)
OPEB liability	(257,259)
Net Position of Governmental Activities	\$ 38,780,472

See Notes to Financial Statements.

City of Woodway, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General Fund	Family Center Improvements	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Property tax	\$ 5,479,484	\$ -	\$ -	\$ 1,202,049	\$ 6,681,533
Sales tax	3,784,486	-	-	-	3,784,486
Franchise and local taxes	780,753	-	-	-	780,753
Hotel occupancy taxes	-	-	-	867,525	867,525
License and permits	223,982	-	-	-	223,982
Charges for services	1,682,916	-	-	-	1,682,916
Fines and forfeitures	150,895	-	-	29,771	180,666
Investment income	39,770	48,102	35,436	34,796	158,104
Contributions and donations	5,591	-	-	38,767	44,358
Other revenues	103,409	250	41,644	5,364	150,667
Total Revenues	12,251,286	48,352	77,080	2,178,272	14,554,990
<u>Expenditures</u>					
Current:					
General government	1,919,943	-	-	-	1,919,943
Public safety	6,085,426	-	-	168,455	6,253,881
Highways and streets	539,386	-	-	-	539,386
Sanitation	1,134,755	-	-	-	1,134,755
Economic development	618,495	-	-	-	618,495
Cultural and recreation	909,969	-	-	287,099	1,197,068
Debt service:					
Principal	-	-	-	240,000	240,000
Interest and fiscal charges	-	-	-	214,042	214,042
Capital outlay	-	493,954	924,561	1,180,689	2,599,204
Total Expenditures	11,207,974	493,954	924,561	2,090,285	14,716,774
Revenues Over (Under) Expenditures	1,043,312	(445,602)	(847,481)	87,987	(161,784)
<u>Other Financing Sources (Uses)</u>					
Transfers in	452,297	-	1,300,000	549,061	2,301,358
Transfers (out)	(1,400,000)	-	-	(767,396)	(2,167,396)
Investment losses	-	-	-	(126,723)	(126,723)
Proceeds from sale of assets	21,035	-	-	331,905	352,940
Total Other Financing Sources (Uses)	(926,668)	-	1,300,000	(13,153)	360,179
Net Change in Fund Balances	116,644	(445,602)	452,519	74,834	198,395
Beginning fund balances	4,239,410	7,514,372	5,331,229	4,884,695	21,969,706
Ending Fund Balances	\$ 4,356,054	\$ 7,068,770	\$ 5,783,748	\$ 4,959,529	\$ 22,168,101

See Notes to Financial Statements.

City of Woodway, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	\$	198,395
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,851,697
Depreciation expense	(1,491,864)
Gain on sale of assets	(105,202)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	7,167
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(4,995)
Accrued interest	(21,936)
Pension expense	583,106
OPEB liability	(27,658)
Amortization of debt premium	23,065

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

Principal payments	240,000
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Change in Net Position of Governmental Activities	\$	2,251,775
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See Notes to Financial Statements.

City of Woodway, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUND
September 30, 2022

	Water & Sewer
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 13,889,529
Accounts receivables, net	1,086,456
Total Current Assets	14,975,985
<u>Noncurrent Assets</u>	
Capital assets:	
Non-depreciable	2,052,430
Net depreciable capital assets	26,924,178
Total Noncurrent Assets	28,976,608
Total Assets	43,952,593
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	61,278
OPEB outflows	6,803
Pension outflows	144,459
Total Deferred Outflows of Resources	212,540

City of Woodway, Texas

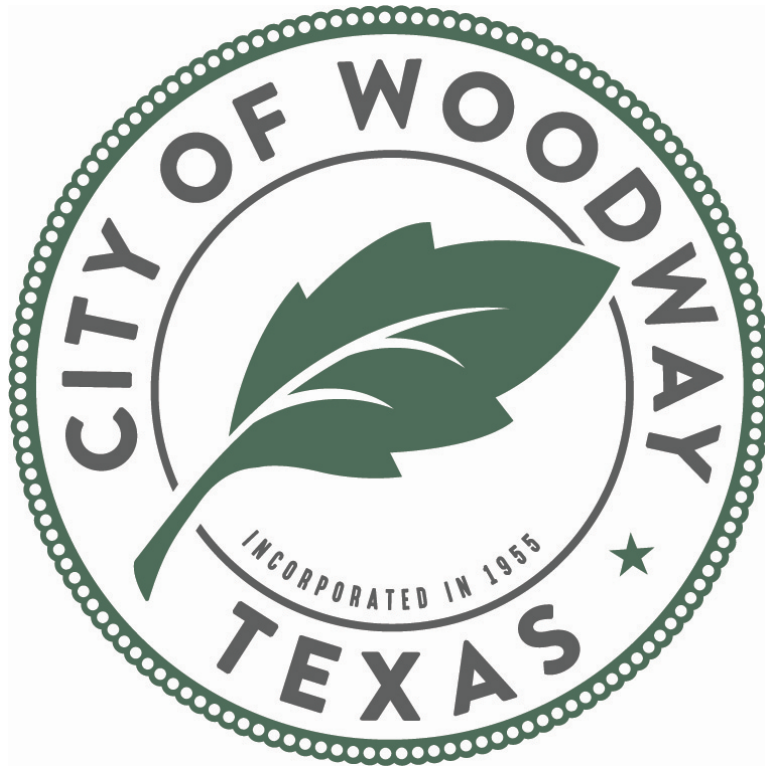
STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUND

September 30, 2022

	<u>Water & Sewer</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable	\$ 758,123
Accrued liabilities	99,543
Customer deposits	112,093
Unearned revenue	2,240,439
Accrued interest	86,313
Long-term debt, current	1,145,000
Compensated absences, current	35,701
Total Current Liabilities	<u>4,477,212</u>
<u>Noncurrent Liabilities</u>	
Long-term debt, noncurrent	23,850,846
Compensated absences, noncurrent	3,967
Net pension liability	265,836
OPEB liability	33,794
Total Liabilities	<u>28,631,655</u>
<u>Deferred Inflows of Resources</u>	
OPEB inflows	1,904
Pension inflows	216,520
Total Deferred Inflows of Resources	<u>218,424</u>
<u>Net Position</u>	
Net investment in capital assets	14,457,391
Unrestricted	857,663
Total Net Position	<u><u>\$ 15,315,054</u></u>

See Notes to Financial Statements.



City of Woodway, Texas

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

For the Year Ended September 30, 2022

	Water & Sewer
<u>Operating Revenues</u>	
Charges for service	\$ 7,190,513
Other revenue	76,578
Total Operating Revenues	7,267,091
<u>Operating Expenses</u>	
Water services	2,846,598
Sewer services	970,212
Customer service	434,382
Depreciation	988,798
Total Operating Expenses	5,239,990
Operating Income (Loss)	2,027,101
<u>Nonoperating Revenues (Expenses)</u>	
Interest expense	(662,178)
Investment income	98,016
Total Nonoperating Revenues (Expenses)	(564,162)
Income (Loss) Before Transfers	1,462,939
<u>Transfers</u>	
Transfers (out)	(133,962)
Total Transfers	(133,962)
Change in Net Position	1,328,977
Beginning net position	13,986,077
Ending Net Position	\$ 15,315,054

See Notes to Financial Statements.

City of Woodway, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2022

	Water & Sewer
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 8,213,252
Payments to employees	(1,060,702)
Payments to suppliers and contractors	(3,675,188)
Net Cash Provided (Used) by Operating Activities	3,477,362
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to other funds	(133,962)
Net Cash Provided (Used) by Noncapital Financing Activities	(133,962)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of capital assets	(3,661,853)
Principal on long-term debt	(1,095,000)
Interest paid on long-term debt	(737,327)
Net Cash (Used) by Capital and Related Financing Activities	(5,494,180)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	98,016
Net Cash Provided by Investing Activities	98,016
Net Increase (Decrease) in Cash and Cash Equivalents	(2,052,764)
Beginning cash and cash equivalents	15,942,293
Ending Cash and Cash Equivalents	\$ 13,889,529

See Notes to Financial Statements.

City of Woodway, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2022

	<u>Water & Sewer</u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 2,027,101
Adjustments to reconcile operating income to net cash provided:	
Depreciation	988,798
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(172,869)
Deferred outflows - pension	5,608
Deferred outflows - OPEB	2,057
Deferred inflows - pension	127,708
Deferred inflows - OPEB	463
Increase (Decrease) in:	
Accounts payable and accrued liabilities	(389,157)
Unearned revenue	1,122,429
Customer deposits	(3,399)
Net pension liability	(225,702)
OPEB liability	152
Compensated absences	(5,827)
Net Cash Provided (Used) by Operating Activities	\$ 3,477,362

See Notes to Financial Statements.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodway, Texas (the "City") is a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

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

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, highways/streets, sanitation services, economic development, and cultural and recreation. The general fund is considered a major fund for reporting purposes.

Family Center Improvements Fund

The Family Center improvements fund accounts for renovations and improvements to the Woodway Family Center, which are being funded with bond proceeds from the \$6.3 million Series 2021 Tax and Revenue Certificates of Obligation.

General Capital Projects Fund

The general capital projects fund provides funding for non-routine general city projects. These projects are typically significant in cost. The projects are funded through year-end excess transfers from the general fund.

The City reports the following major enterprise fund:

Water and Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection, sewage pumping stations, and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Additionally, the government reports the following fund type:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the future capital street improvements fund, other governmental capital projects fund, and the other governmental special revenue fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

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

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Deferred Outflows/Inflows, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

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

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

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

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

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

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

2. Fair Value Measurement

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

3. Receivables and Interfund Transactions

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

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

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

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

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

6. Restricted Assets

Restricted cash accounts in the water and sewer fund are used to report (1) unspent bond proceeds, (2) customer deposits, and (3) bond reserve funds.

7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

Asset Description	Estimated Useful Life
Land improvements	5 - 40 years
Buildings and improvements	5 - 40 years
Infrastructure	40 years
Water and sewer system	5 - 30 years
Equipment	3 - 40 years

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

8. Deferred outflows and 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and rental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumptions

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

10. Fund Balance Flow Assumptions

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

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through the following 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.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by City Council or by an official or body to which the Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

12. Compensated Absences

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

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, a liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

13. Long-Term Obligations

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

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

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

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

14. Estimates

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

15. Pensions

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

16. Other Postemployment Benefits ("OPEB")

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund and two capital projects funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

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

General Fund:

Highways and streets	\$ 48,115
Sanitation	\$ 81,430
Transfers (out)	\$ 1,400,000 ¹

¹ The transfers out, while approved by council, was not adopted as a budget amendment.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 18,874,896	0.04
Certificates of obligation	245,000	0.56
Stocks	421,615	0.00
Mutual funds	322,047	0.00
Total fair value	\$ 19,863,558	
Portfolio weighted average maturity		0.20

In January 2016, the City received a bequest in the amount of \$465,488 to establish an endowment fund for the Arboretum, with the stipulation that the corpus remain intact and that 10% of the annual income be added to the corpus to guard against inflation. As of September 30, 2022 the the endowment fund consisted of stocks totaling \$421,615 and mutual funds totaling \$322,047, which are valued using quoted market prices (Level 1).

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools. For repurchase agreements, the maximum maturity is 90 days.

Credit risk The City's investment policy limits investments in government investment pools and money market mutual funds to those that are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. At September 30, 2022, TexPool and TexStar are rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. As of September 30, 2022, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexStar

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2022:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Mutual funds	\$ 322,047	\$ 322,047	\$ -	\$ -
Stocks	421,615	421,615	-	-
Total Assets at fair value	<u><u>\$ 743,662</u></u>	<u><u>\$ 743,662</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

C. Receivables

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Nonmajor Govt.</u>	<u>Water & Sewer</u>	<u>Total</u>
Property tax	\$ 93,527	\$ 19,500	\$ -	\$ 113,027
Sales tax	717,485	-	-	717,485
Franchise and local tax	29,898	151,523	-	181,421
Sanitation	227,201	-	-	227,201
Intergovernmental	18,750	-	-	18,750
Other	592	173	-	765
Accounts, net	-	-	1,248,031	1,248,031
Allowance	(32,388)	-	(161,575)	(193,963)
Total	<u><u>\$ 1,055,065</u></u>	<u><u>\$ 171,196</u></u>	<u><u>\$ 1,086,456</u></u>	<u><u>\$ 2,312,717</u></u>

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

D. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 737,279	\$ 94,366	\$ (105,202)	\$ 726,443
Construction in progress	3,068,101	395,159	(3,032,816)	430,444
Total capital assets not being depreciated	<u>3,805,380</u>	<u>489,525</u>	<u>(3,138,018)</u>	<u>1,156,887</u>
Capital assets, being depreciated:				
Buildings and improvements	11,850,096	296,150	35,120	12,181,366
Infrastructure	16,533,595	1,508,106	2,997,696	21,039,397
Vehicles and equipment	10,353,025	557,916	(30,908)	10,880,033
Total capital assets being depreciated	<u>38,736,716</u>	<u>2,362,172</u>	<u>3,001,908</u>	<u>44,100,796</u>
Less accumulated depreciation				
Buildings and improvements	(5,591,163)	(443,104)	-	(6,034,267)
Infrastructure	(4,085,479)	(523,289)	-	(4,608,768)
Vehicles and equipment	(7,292,309)	(525,471)	30,908	(7,786,872)
Total accumulated depreciation	<u>(16,968,951)</u>	<u>(1,491,864)</u>	<u>30,908</u>	<u>(18,429,907)</u>
Net capital assets being depreciated	<u>21,767,765</u>	<u>870,308</u>	<u>3,032,816</u>	<u>25,670,889</u>
Total Capital Assets	<u><u>\$ 25,573,145</u></u>	<u><u>\$ 1,359,833</u></u>	<u><u>\$ (105,202)</u></u>	<u><u>\$ 26,827,776</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 18,569
Public safety	433,725
Highway and streets	553,684
Economic development	160,974
Cultural and recreation	324,912
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,491,864</u></u>

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 184,846	\$ -	\$ -	\$ 184,846
Construction in progress	7,460,166	1,821,241	(7,413,823)	1,867,584
Total capital assets not being depreciated	<u>7,645,012</u>	<u>1,821,241</u>	<u>(7,413,823)</u>	<u>2,052,430</u>
Capital assets, being depreciated:				
Buildings and improvements	371,888	-	-	371,888
Vehicles and equipment	2,395,336	459,407	224,705	3,079,448
Infrastructure	33,527,271	1,381,205	7,150,832	42,059,308
Total capital assets being depreciated	<u>36,294,495</u>	<u>1,840,612</u>	<u>7,375,537</u>	<u>45,510,644</u>
Less accumulated depreciation				
Buildings and improvements	(220,630)	(8,430)	-	(229,060)
Vehicles and equipment	(1,496,538)	(151,767)	38,286	(1,610,019)
Infrastructure	(15,918,786)	(828,601)	-	(16,747,387)
Total accumulated depreciation	<u>(17,635,954)</u>	<u>(988,798)</u>	<u>38,286</u>	<u>(18,586,466)</u>
Net capital assets being depreciated	<u>18,658,541</u>	<u>851,814</u>	<u>7,413,823</u>	<u>26,924,178</u>
Total Capital Assets	<u><u>\$ 26,303,553</u></u>	<u><u>\$ 2,673,055</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,976,608</u></u>

Depreciation was charged to business-type functions as follows:

Water	\$ 800,926
Sewer	187,872
Total Business-Type Activities Depreciation Expense	<u><u>\$ 988,798</u></u>

E. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2011 and 2016 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$61,278. Current year amortization expense for business-type activities totaled \$14,705.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

F. Accrued Liabilities

The following comprise accrued liability balances of the primary government at year end:

	Nonmajor Governmental	Water & Sewer	Total
Accrued wages	\$ -	\$ 8,263	\$ 8,263
Retainage	-	91,190	91,190
Asset forfeitures	193,585	-	193,585
Other	-	90	90
Total	\$ 193,585	\$ 99,543	\$ 293,128

F. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and enterprise funds to liquidate governmental and business-type activities compensated absences, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Compensated absences	\$ 510,693	\$ 464,619	\$ (459,624)	\$ 515,688	\$ 464,119
Total Governmental Activities	\$ 510,693	\$ 464,619	\$ (459,624)	\$ 515,688	\$ 464,119
Other long-term liabilities due in more than one year				\$ 51,569	
Business-Type Activities:					
Compensated absences	\$ 45,495	\$ 41,520	\$ (47,347)	\$ 39,668	\$ 35,701
Total Business-Type Activities	\$ 45,495	\$ 41,520	\$ (47,347)	\$ 39,668	\$ 35,701
Other long-term liabilities due in more than one year				\$ 3,967	

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

G. Long-term Debt

The following is a summary of changes in the primary government's long-term liabilities for the current year ended. In general, the City uses the special revenue fund to liquidate governmental long-term liabilities and the water and sewer fund to liquidate business-type long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 6,715,000	\$ -	\$ (240,000)	\$ 6,475,000	\$ 255,000
Deferred Amounts:					
Issuance Premium	519,211	-	(23,065)	496,146	-
Total Governmental Activities	<u>\$ 7,234,211</u>	<u>\$ -</u>	<u>\$ (263,065)</u>	<u>\$ 6,971,146</u>	<u>\$ 255,000</u>
Long-term Liabilities Due in More than One Year				<u>\$ 6,716,146</u>	
Business-Type Activities:					
Certificates of Obligation	\$ 22,585,000	\$ -	\$ (765,000)	\$ 21,820,000	\$ 805,000
Refunding Bonds	2,115,000	-	(330,000)	1,785,000	340,000
Deferred Amounts:					
Issuance Premium	1,471,434	-	(80,588)	1,390,846	-
Total Business-Type Activities	<u>\$ 26,171,434</u>	<u>\$ -</u>	<u>\$ (1,175,588)</u>	<u>\$ 24,995,846</u>	<u>\$ 1,145,000</u>
Long-term Liabilities Due in More than One Year				<u>\$ 23,850,846</u>	

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

	Governmental Activities	Business- Type Activities	Total
Certificates of Obligation:			
\$1,815,000 Certificates of Obligation, Series 2011, due in annual installments through 2025, interest at 4.0%	\$ 290,000	\$ -	\$ 290,000
\$3,670,000 Certificates of Obligation, Series 2016, due in annual installments through 2031, interest at 2.0%	-	2,345,000	2,345,000
\$9,200,000 Certificates of Obligation, Series 2017, due in annual installments through 2042, interest at 3.0%	-	8,615,000	8,615,000
\$6,335,000 Certificates of Obligation, Series 2021, due in annual installments through 2046, interest at 5.0%	6,185,000	10,860,000	17,045,000
Total Certificates of Obligation	<u>\$ 6,475,000</u>	<u>\$ 21,820,000</u>	<u>\$ 28,295,000</u>
Refunding Bonds:			
\$3,400,000 General obligation refunding bond, Series 2016, due in annual installments through 2027, interest at 3.0%	\$ -	\$ 1,785,000	\$ 1,785,000
Total General Obligation Bonds	<u>\$ -</u>	<u>\$ 1,785,000</u>	<u>\$ 1,785,000</u>
Premiums:			
Issuance premiums	\$ 496,146	\$ 1,390,846	\$ 1,886,992
Total Premiums	<u>\$ 496,146</u>	<u>\$ 1,390,846</u>	<u>\$ 1,886,992</u>
Total Debt	<u><u>\$ 6,971,146</u></u>	<u><u>\$ 24,995,846</u></u>	<u><u>\$ 31,966,992</u></u>

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

	Governmental Activities	
Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2023	\$ 255,000	\$ 197,325
2024	265,000	185,525
2025	280,000	173,225
2026	185,000	160,225
2027	195,000	150,975
2028-2032	1,135,000	598,375
2033-2037	1,350,000	383,975
2038-2042	1,495,000	240,775
Thereafter	1,315,000	74,701
Total	<u><u>\$ 6,475,000</u></u>	<u><u>\$ 2,165,101</u></u>

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Business-Type Activities		
Year ending September 30,	General Obligation Refunding Bonds	
	Principal	Interest
2023	\$ 340,000	\$ 39,100
2024	350,000	28,900
2025	355,000	21,900
2026	365,000	14,800
2027	375,000	7,500
Total	\$ 1,785,000	\$ 112,200

Business-Type Activities		
Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2023	\$ 805,000	\$ 651,407
2024	830,000	621,156
2025	860,000	592,807
2026	890,000	560,306
2027	925,000	526,557
2028-2032	5,480,000	2,081,032
2033-2037	4,555,000	1,308,133
2038-2042	5,170,000	691,932
Thereafter	2,305,000	131,176
Total	\$ 21,820,000	\$ 7,164,506

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

H. Interfund Transactions

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

Transfers In:	Transfers Out:			Total
	General	Nonmajor Govt.	Water and Sewer	
General	\$ -	\$ 318,335	\$ 133,962	\$ 452,297
General Capital Projects	1,300,000	-	-	1,300,000
Nonmajor govt.	100,000	449,061	-	549,061
Total	\$ 1,400,000	\$ 767,396	\$ 133,962	\$ 2,301,358

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various operational and capital expenditures and principal and interest payments.

I. Fund Equity

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

The following is a list of fund balances restricted/committed by the City:

	Restricted	Assigned
Awards banquet	\$ -	\$ 11,915
Tourism	938,662 *	-
Family Center	171	-
Arboretum	44,783	-
Public safety	113,646 *	-
Endowment	56,813	-
Debt service	45,661	-
Capital projects	16,643,900	-
Total	\$ 17,843,636	\$ 24,944

*Restricted by enabling legislation

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

V. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Arbitrage

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

D. Pension Plans

Texas Municipal Retirement Systems

1. Plan Description

The City participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

2. Benefits Provided

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

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

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	62
Active employees	87
Total	196

3. Contributions

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

Employees for the City of Woodway were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Woodway were 17.27% and 17.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,161,151 and were equal to the required contributions.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

4. 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:

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

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

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

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public/Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate:

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

1% Decrease	Current Single Rate	1% Increase
5.75%	Assumption 6.75%	7.75%
\$ 7,669,178	\$ 2,289,562	\$ (2,080,689)

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/20	\$ 32,125,330	\$ 28,029,181	\$ 4,096,149
Changes for the year:			
Service Cost	1,031,721	-	1,031,721
Interest	2,166,572	-	2,166,572
Change in benefit terms	-	-	-
Difference between expected and actual experience	141,530	-	141,530
Changes of assumptions	-	-	-
Contributions – employer	-	1,072,070	(1,072,070)
Contributions – employee	-	434,539	(434,539)
Net investment income	-	3,656,591	(3,656,591)
Benefit payments, including refunds of emp. contributions	(1,087,642)	(1,087,642)	-
Administrative expense	-	(16,907)	16,907
Other changes	-	117	(117)
Net changes	2,252,181	4,058,768	(1,806,587)
Balance at 12/31/21	\$ 34,377,511	\$ 32,087,949	\$ 2,289,562

Pension Plan Fiduciary Net Position:

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

5. 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 \$485,658. 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	\$ 391,632	\$ -
Changes in actuarial assumptions	15,186	-
Difference between projected and investment earnings	-	(1,864,814)
Contributions subsequent to the measurement date	837,356	-
Total	\$ 1,244,174	\$ (1,864,814)

The City reported \$837,356 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. 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:		
2022	\$	(134,959)
2023		(631,989)
2024		(345,183)
2025		(345,865)
2026		-
Thereafter		-
	\$	(1,457,996)

6. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

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

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	28
Inactive employees entitled to but not yet receiving benefits	14
Active employees	87
Total	129

The City's contributions to the TMRS SDBF for the years ended 2021 and 2022 were \$2,512, \$5,765, respectively, which equaled the required contributions each year.

Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.03%	0.03%	100.0%
2021	0.08%	0.08%	100.0%
2022	0.09%	0.09%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Woodway, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

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

1% Decrease (0.84%)	Current Single Rate Assumption 1.84%	1% Increase (2.84%)
\$ 358,752	\$ 291,053	\$ 238,588

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/20	\$ 280,352
Changes for the year:	
Service Cost	16,140
Interest	5,719
Difference between expected and actual experience	(15,548)
Changes of assumptions	9,356
Benefit payments	(4,966)
Net changes	10,701
Balance at 12/31/21	<u>\$ 291,053</u>

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 \$291,053.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in actuarial assumptions	\$ 54,328	\$ -
Difference between expected and actual experience	-	(16,397)
Contributions subsequent to measurement date	4,265	-
Total	<u>\$ 58,593</u>	<u>\$ (16,397)</u>

The City reported \$4,265 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

Year ended December 31:		
2022	\$	9,904
2023		9,340
2024		8,218
2025		8,164
2026		2,856
Thereafter		(551)
	\$	<u>37,931</u>

E. Restatement

Due to corrections to accrued receivables and liabilities in the prior year, the City restated its beginning net position/fund balance within governmental activities and the general fund. The restatement of beginning fund balance/net position is as follows:

	Governmental Activities	General Fund
Prior year ending net position/fund balance, as reported	\$ 36,455,518	4,166,231
Correction to accrued expenses	43,504	43,504
Correction to accrued receivables	29,675	29,675
Restated beginning net position/fund balance	<u>\$ 36,528,697</u>	<u>\$ 4,239,410</u>

F. Authoritative Pronouncements Not Yet Effective

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

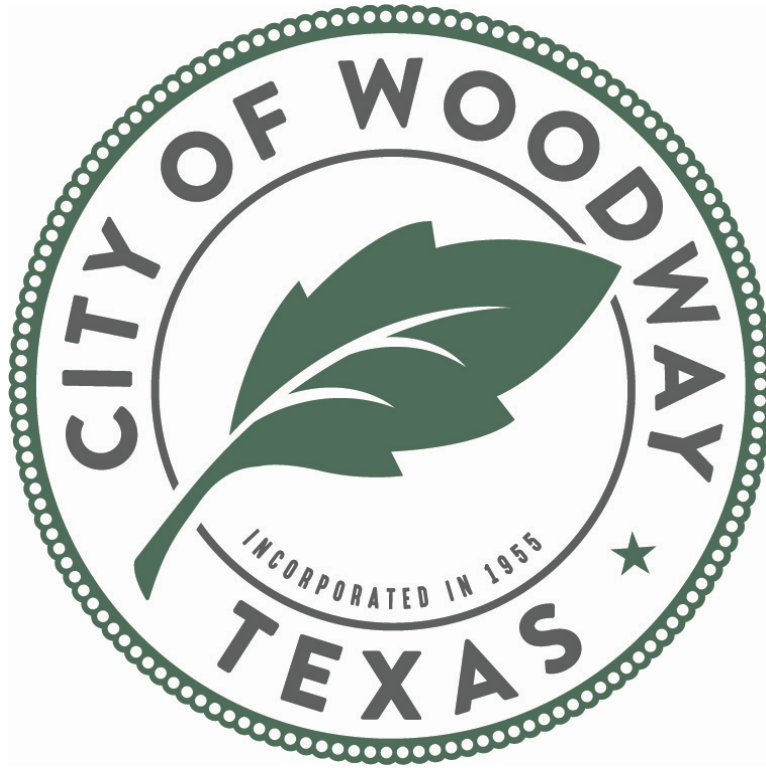
The objective of this statement is to provide guidance for subscription based information technology arrangements ("SBITA"). It will define SBITA contracts, provide guidance on the accounting for the SBITAs, and require disclosures regarding the SBITAs. The requirements of this statement are effective for the City's financial statements beginning October 1, 2022.

G. Subsequent Events

There were no material subsequent events through March 24, 2023, the date the financial statements were issued.



REQUIRED SUPPLEMENTARY INFORMATION



City of Woodway, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 5,433,449	\$ 5,479,484	\$ 46,035
Sales tax	3,186,000	3,784,486	598,486
Franchise and local taxes	685,500	780,753	95,253
License and permits	127,300	223,982	96,682
Charges for services	1,740,500	1,682,916	(57,584)
Fines and forfeitures	183,700	150,895	(32,805)
Investment income	15,000	39,770	24,770
Contributions and donations	5,000	5,591	591
Other revenues	77,900	103,409	25,509
Total Revenues	11,454,349	12,251,286	796,937
<u>Expenditures</u>			
Current:			
General government	2,001,707	1,919,943	81,764
Public safety	6,273,821	6,085,426	188,395
Highways and streets	491,271	539,386	(48,115) *
Sanitation	1,053,325	1,134,755	(81,430) *
Economic development	734,846	618,495	116,351
Culture and recreation	1,034,062	909,969	124,093
Total Expenditures	11,589,032	11,207,974	381,058
Revenues Over (Under)			
Expenditures	(134,683)	1,043,312	1,177,995
<u>Other Financing Sources (Uses)</u>			
Transfers in	134,683	452,297	317,614
Transfers (out)	-	(1,400,000)	(1,400,000) *
Proceeds from sale of assets	-	21,035	21,035
Total Other			
Financing Sources (Uses)	134,683	(926,668)	(1,061,351)
Net Change in Fund Balance	\$ -	116,644	\$ 116,644
Beginning fund balance		4,239,410	
Ending Fund Balance		\$ 4,356,054	

Notes to Required Supplementary Information

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

City of Woodway, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	¹
Total pension liability									
Service cost	\$ 1,031,721	\$ 976,478	\$ 879,656	\$ 809,551	\$ 804,076	\$ 747,227	\$ 671,680	\$ 603,865	
Interest	2,166,572	2,006,315	1,875,511	1,789,433	1,663,016	1,538,966	1,481,245	1,391,288	
Differences between expected and actual experience	141,530	460,153	178,467	(88,985)	432,982	151,146	242,961	25,877	
Changes of assumptions	-	-	55,501	-	-	-	(29,774)	-	
Benefit payments, including refunds of participant contributions	(1,087,642)	(1,105,121)	(1,094,312)	(1,445,329)	(614,593)	(641,392)	(888,668)	(650,991)	
Net change in total pension liability	2,252,181	2,337,825	1,894,823	1,064,670	2,285,481	1,795,947	1,477,444	1,370,039	
Total pension liability - beginning	\$ 32,125,330	\$ 29,787,505	\$ 27,892,682	\$ 26,828,012	\$ 24,542,531	\$ 22,746,584	\$ 21,269,140	\$ 19,899,101	
Total pension liability - ending (a)	\$ 34,377,511	\$ 32,125,330	\$ 29,787,505	\$ 27,892,682	\$ 26,828,012	\$ 24,542,531	\$ 22,746,584	\$ 21,269,140	
Plan fiduciary net position									
Contributions - employer	\$ 1,072,070	\$ 983,199	\$ 893,773	\$ 827,205	\$ 821,922	\$ 718,365	\$ 692,941	\$ 656,758	
Contributions - members	434,539	410,400	380,098	353,075	347,012	320,698	303,731	281,525	
Net investment income	3,656,591	1,959,017	3,434,038	(694,608)	2,756,034	1,234,383	26,775	967,001	
Benefit payments, including refunds of participant contributions	(1,087,642)	(1,105,121)	(1,094,312)	(1,445,329)	(614,593)	(641,392)	(888,668)	(650,991)	
Administrative expenses	(16,907)	(12,670)	(19,394)	(13,417)	(14,279)	(13,939)	(16,308)	(10,094)	
Other	117	(494)	(583)	(700)	(723)	(751)	(805)	(830)	
Net change in plan fiduciary net position	4,058,768	2,234,331	3,593,620	(973,774)	3,295,373	1,617,364	117,666	1,243,369	
Plan fiduciary net position - beginning	28,029,181	25,794,850	22,201,230	23,175,004	19,879,631	18,262,267	18,144,601	16,901,232	
Plan fiduciary net position - ending (b)	\$ 32,087,949	\$ 28,029,181	\$ 25,794,850	\$ 22,201,230	\$ 23,175,004	\$ 19,879,631	\$ 18,262,267	\$ 18,144,601	
Fund's net pension liability - ending (a) - (b)	\$ 2,289,562	\$ 4,096,149	\$ 3,992,655	\$ 5,691,452	\$ 3,653,008	\$ 4,662,900	\$ 4,484,317	\$ 3,124,539	
Plan fiduciary net position as a percentage of the total pension liability	93.34%	87.25%	86.60%	79.60%	86.38%	81.00%	80.29%	85.31%	
Covered payroll	\$ 6,207,706	\$ 5,861,215	\$ 5,429,973	\$ 5,043,934	\$ 4,957,313	\$ 4,581,406	\$ 4,339,019	\$ 4,021,790	
Fund's net position as a percentage of covered payroll	36.88%	69.89%	73.53%	112.84%	73.69%	101.78%	103.35%	77.69%	

Notes to schedule:

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

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

Years Ended:

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
Actuarially determined employer contributions	\$ 1,161,151	\$ 1,037,836	\$ 951,440	\$ 876,867	\$ 821,922	\$ 802,217	\$ 710,979	\$ 657,199
Contributions in relation to the actuarially determined contribution	<u>\$ 1,161,151</u>	<u>\$ 1,037,836</u>	<u>\$ 951,440</u>	<u>\$ 876,867</u>	<u>\$ 821,922</u>	<u>\$ 802,217</u>	<u>\$ 710,979</u>	<u>\$ 657,199</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual covered payroll	\$ 6,613,753	\$ 6,059,466	\$ 5,702,790	\$ 5,332,738	\$ 4,997,194	\$ 4,864,181	\$ 4,468,451	\$ 4,132,337
Employer contributions as a percentage of covered payroll	17.56%	17.13%	16.68%	16.44%	16.45%	16.49%	15.91%	15.90%

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

City of Woodway, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN Years Ended December 31,

	2021	2020	2019	2018	2017 ¹
Total OPEB liability					
Service cost	\$ 16,140	\$ 15,825	\$ 12,489	\$ 8,575	\$ 6,940
Interest	5,719	6,290	6,578	5,781	5,591
Differences between expected and actual experience	(15,548)	(766)	(5,501)	901	-
Changes of assumptions	9,356	39,062	37,625	(13,514)	14,626
Benefit payments, including refunds of participant contributions	(4,966)	(1,758)	(1,086)	(1,009)	(1,487)
Net change in total OPEB liability	10,701	58,653	50,105	734	25,670
Total OPEB liability - beginning	\$ 280,352	\$ 221,699	\$ 171,594	\$ 170,860	\$ 145,190
Total OPEB liability - ending	\$ 291,053	\$ 280,352	\$ 221,699	\$ 171,594	\$ 170,860 ²
 Covered employee payroll	 \$ 6,207,706	 \$ 5,861,215	 \$ 5,429,973	 \$ 5,043,934	 \$ 4,957,313
 Fund's net position as a percentage of covered employee payroll	 4.69%	 4.78%	 4.08%	 3.40%	 3.45%

Notes to schedule:

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

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

***NONMAJOR COMBINING STATEMENTS
GOVERNMENTAL FUNDS***

City of Woodway, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Future Capital Street Improvements	Other Governmental Capital Projects	Other Governmental Special Revenue	Total Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 1,534,797	\$ 2,386,359	\$ 475,156	\$ 4,396,312
Investments	-	-	743,662	743,662
Taxes receivable, net	11,021	2,588	157,414	171,023
Other receivables	-	-	173	173
Total Assets	\$ 1,545,818	\$ 2,388,947	\$ 1,376,405	\$ 5,311,170
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 129,774	\$ 8,782	\$ 138,556
Accrued expenses	-	-	193,585	193,585
Total Liabilities	-	129,774	202,367	332,141
<u>Deferred Inflow of Resources</u>				
Unavailable revenue - prop. tax	11,021	2,588	5,891	19,500
Total Deferred Inflow of Resources	11,021	2,588	5,891	19,500
<u>Fund Balances</u>				
Nonspendable:				
Endowment	-	-	824,209	824,209
Restricted for:				
Tourism	-	-	171,266	171,266
Family Center	-	-	171	171
Arboretum	-	-	44,783	44,783
Municipal court	-	-	82,057	82,057
Debt service	-	-	45,661	45,661
Committed for:				
Capital projects	1,534,797	2,256,585	-	3,791,382
Total Fund Balances	1,534,797	2,256,585	1,168,147	4,959,529
Total Liabilities, Deferred Inflows and Fund Balances	\$ 1,545,818	\$ 2,388,947	\$ 1,376,405	\$ 5,311,170

City of Woodway, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Future Capital Street Improvements	Other Governmental Capital Projects	Other Governmental Special Revenue	Total Nonmajor Governmental
<u>Revenues</u>				
Property tax	\$ 639,831	\$ 213,277	\$ 348,941	\$ 1,202,049
Hotel occupancy tax	-	-	867,525	867,525
Fines and forfeitures	-	-	29,771	29,771
Contributions and donations	-	350	38,417	38,767
Investment income	11,230	14,322	9,244	34,796
Other revenue	-	-	5,364	5,364
Total Revenues	<u>651,061</u>	<u>227,949</u>	<u>1,299,262</u>	<u>2,178,272</u>
<u>Expenditures</u>				
Public safety	-	-	168,455	168,455
Culture and recreation	-	-	287,099	287,099
Debt service:				
Principial	-	-	240,000	240,000
Interest	-	-	214,042	214,042
Capital outlay	573,811	606,878	-	1,180,689
Total Expenditures	<u>573,811</u>	<u>606,878</u>	<u>909,596</u>	<u>2,090,285</u>
Revenues Over (Under) Expenditures	<u>77,250</u>	<u>(378,929)</u>	<u>389,666</u>	<u>87,987</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of assets	-	331,905	-	331,905
Investment losses	-	-	(126,723)	(126,723)
Transfers in	-	549,061	-	549,061
Transfers (out)	-	-	(767,396)	(767,396)
Total Other Financing Sources (Uses)	<u>-</u>	<u>880,966</u>	<u>(894,119)</u>	<u>(13,153)</u>
Net Change in Fund Balances	77,250	502,037	(504,453)	74,834
Beginning fund balances	1,457,547	1,754,548	1,672,600	4,884,695
Ending Fund Balances	<u><u>\$ 1,534,797</u></u>	<u><u>\$ 2,256,585</u></u>	<u><u>\$ 1,168,147</u></u>	<u><u>\$ 4,959,529</u></u>

WOODWAY
TEXAS