

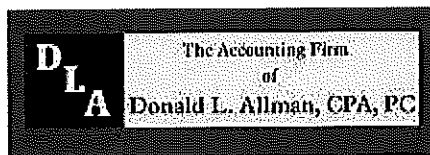
**CITY OF JARRELL, TEXAS**  
**Annual Financial Report**

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

Donald, L. Allman, CPA, PC  
*Certified Public Accountant*  
*Georgetown, Texas*

**CITY OF JARRELL, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>	<b><u>Page</u></b>
Independent Auditor's Report	3-5
Management's Discussion and Analysis	6-11
 <b><u>Basic Financial Statements</u></b>	
<b>Government-Wide Statements:</b>	
A-1 Statement of Net Position	13
A-2 Statement of Activities	14
 <b>Fund Financial Statements:</b>	
B-1 Balance Sheet – Governmental Funds	17
B-2 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
B-3 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	19
B-4 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	20
B-5 Statement of Net Position – Proprietary Fund	21
B-6 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	22
B-7 Statement of Cash Flows – Proprietary Fund	23
Notes to the Financial Statements	25-38
 <b><u>Required Supplementary Information</u></b>	
C-1 Budgetary Comparison Statement – General Fund	40
Budgetary Comparison – Proprietary Fund	41
Notes to Required Supplementary Information	42
 <b><u>Other Information</u></b>	
D-1 Combining Balance Sheet – Non-Major Governmental Funds	44
D-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	45
 <b><u>Reports Required by Government Auditing Standards</u></b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47



Donald L Allman, CPA, PC  
4749 Williams Drive, Ste. 322  
Georgetown, Texas 78633  
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

### **Independent Auditor's Report**

Honorable Mayor and City Council Members  
City of Jarrell, Texas  
161 Town Center Blvd  
Jarrell, Texas 76537

Honorable Mayor and City Council Members:

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

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

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

##### ***Basis for Opinions***

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

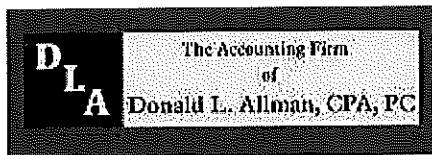
##### ***Responsibilities of Management for the Financial Statements***

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing



---

CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITOR'S REPORT (Continued)

standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

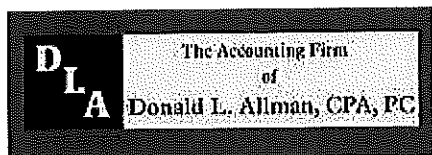
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-15 and 63-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Donald L Allman, CPA, PC

4749 Williams Drive., Ste. 322

---

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT (Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jarrell, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023 on our consideration of the City of Jarrell, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jarrell, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jarrell, Texas' internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC

April 19, 2023  
Georgetown, Texas

<p style="text-align: center;"><b>CITY OF JARRELL, TEXAS</b> <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b></p>
--

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

This section of the City of Jarrell's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the City of Jarrell's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the year ended September 30, 2022, the City of Jarrell increased its net position by \$6,084,56 for government-wide financial reporting. The General Fund had a net position increase of \$2,421,790 before transfers, and the Proprietary Fund had a net position increase of \$3,662,770, before transfers.
- For the year ended September 30, 2022, the City of Jarrell increased its net position by \$597,024 for Governmental Funds accounting. Governmental funds accounting is the General Fund on more of a cash basis of reporting with fixed assets expensed rather than capitalized and depreciated.
- The City of Jarrell reported total revenues of \$12,813,368 for the 2022 fiscal year, a \$2,882,329 increase over the prior year. Total expenses for the City of Jarrell for fiscal year 2022 were \$6,728,808, an increase of \$395,378 over the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the *basic financial* statements, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City of Jarrell.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Jarrell's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Jarrell's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

## Government-wide Statements

The government-wide statements report information about the City of Jarrell as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City of Jarrell's net position and how they have changed. Net position – the difference between the City of Jarrell's assets and liabilities – are one way to measure the City of Jarrell's financial health or position. Over time, increases or decreases in the City of Jarrell's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Jarrell include the *governmental activities* and *business-type activities*. *Governmental activities* are activities supported primarily by taxes and user charges. Most of the City of Jarrell's basic services are included here, such as public safety, highways and streets, parks and recreation, planning, economic development, and general administration. *Business-type activities* are activities undertaken by the City that are operated much like a private business.

## FINANCIAL ANALYSIS OF THE CITY OF JARRELL AS A WHOLE

Our analysis here focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

**Table I**  
**Net Position - Governmental and Business-Type Activities**

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
<b>Assets</b>						
Current & other Assets	\$ 8,752,305	\$ 8,116,566	\$ 635,739	\$ 38,694,392	\$ 38,297,000	\$ 397,392
Capital Assets	2,984,955	2,517,481	467,474	38,009,530	35,475,494	2,534,036
<b>Total Assets</b>	<b>\$ 11,737,260</b>	<b>\$ 10,634,047</b>	<b>\$ 1,103,213</b>	<b>\$ 76,703,922</b>	<b>\$ 73,772,494</b>	<b>\$ 2,931,428</b>
<b>Liabilities:</b>						
Current Liabilities	\$ 232,014	\$ 179,934	\$ 52,080	\$ 2,090,326	\$ 2,286,637	\$ 75,051
Long-term liabilities	298,102	318,790	(20,688)	57,445,000	59,330,000	(1,885,000)
<b>Total Liabilities</b>	<b>\$ 530,116</b>	<b>\$ 498,724</b>	<b>\$ 31,392</b>	<b>\$ 59,535,326</b>	<b>\$ 61,616,637</b>	<b>\$ (1,809,949)</b>
<b>Net Position</b>						
Invested in Capital						
Assets, net of Debt	2,661,853	2,173,691	488,162	4,535,140	6,128,143	(1,593,003)
Restricted	4,983,890	3,563,170	1,420,720	2,491,339	2,331,600	159,739
Unrestricted	3,561,401	4,398,462	(837,061)	10,142,117	3,696,114	6,446,003
<b>Total Net Position</b>	<b>\$ 11,207,144</b>	<b>\$ 10,135,323</b>	<b>\$ 1,071,821</b>	<b>\$ 17,168,596</b>	<b>\$ 12,155,857</b>	<b>\$ 5,012,739</b>

**Table II**  
**Statement of Activities - Governmental and Business-Type Activities**

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 480,901	\$ 680,955	\$ (200,054)	\$ 7,036,002	\$ 4,817,802	\$ 2,218,200
Operating grants & contributions	26,223	-	26,223	-	-	-
General Revenues:						
Property taxes	1,239,196	1,065,267	173,929	-	-	-
Sales taxes	3,005,287	2,603,948	401,339	-	-	-
Franchise taxes	219,940	131,857	88,083	-	-	-
Grants & contributions not restricted	-	-	-	-	-	-
Investment earnings	31,166	41,229	(10,063)	8,131	-	8,131
Other	413,437	589,981	(176,544)	353,085	-	353,085
Total Revenues	5,416,150	5,113,237	302,913	7,397,218	4,817,802	2,579,416
Expenses:						
General government	2,353,304	2,911,106	(557,802)	-	-	-
Public safety	269,553	263,428	6,125	-	-	-
Highways & streets	121,912	238,288	(116,376)	-	-	-
Parks and recreation	55,019	45,506	9,513	-	-	-
Economic development	185,359	139,214	46,145	-	-	-
Water/wastewater	-	-	-	2,817,848	1,899,582	918,266
Debt service-interest	9,213	9,900	(687)	916,600	826,406	90,194
Debt service - fees	-	-	-	-	-	-
Total Expenses	2,994,360	3,607,442	(613,082)	3,734,448	2,725,988	1,008,460
Increase in net position before Other Financing Sources (Uses)	2,421,790	1,505,795	915,995	3,662,770	2,091,814	1,570,956
Other Financing Sources (Uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in (out)	(1,349,969)	2,333,417	(3,683,386)	1,349,969	(2,333,417)	3,683,386
Total Other Financing Sources (Uses)	(1,349,969)	2,333,417	(3,683,386)	1,349,969	(2,333,417)	3,683,386
Change in net position Beginning net position	1,071,821	3,839,212	(2,767,391)	5,012,739	(241,603)	5,254,342
	10,135,323	6,296,111	3,839,212	12,155,857	12,397,460	(241,603)
Ending Net Position	\$11,207,144	\$ 10,135,323	\$ 1,071,821	\$ 17,168,596	\$ 12,155,857	\$ 5,012,739



## Governmental Activities

The City of Jarrell's primary revenue sources are sales, and property taxes. These revenue sources made up approximately 78% of governmental fund revenues for fiscal year 2021/2022.

The City of Jarrell's various departmental expenditures totaled \$ 2,994,360 for the year ended September 30, 2022. The majority of the costs for the City's governmental activities were related to public safety and to other general governmental costs.

## Business-Type Activities

Impact Fees were \$4,051,260 for fiscal year 2022 and Water/Wastewater service charges were \$2,984,742 for fiscal year 2022. Expenses for Water & Wastewater service and sludge disposal were \$2,817,848. Revenues increased \$2,579,416 or 54%. Expenses increased \$1,008,460 or 37%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At year end, the City of Jarrell had invested \$2,984,955 in a broad range of capital assets for its governmental activities, including land, equipment and buildings (see Table III below). This amount is net of accumulated depreciation and represents an increase of approximately \$ 467,474 over the prior year. The change during the year primarily reflects improvements made to streets and roads and depreciation expense on assets placed in service. Business-type activities had invested \$38,009,530 in land and water/wastewater system infrastructure, net of accumulated depreciation. The increase of \$2,534,036 reflects expenditures made for water system improvements of \$3,525,587 less depreciation of \$991,551.

**Table III**  
**Summary of Capital Assets**  
**Governmental Activities**

	Governmental Activities		
	2022	2021	Change
Land	404,177	404,177	-
Infrastructure	1,551,934	1,002,638	549,296
Buildings & improvements	1,585,975	1,585,975	-
Machinery & equipment	693,154	558,911	134,243
Totals at historical cost	4,235,240	3,551,701	683,539
Less accumulated depreciation	(1,250,285)	(1,034,220)	(216,065)
Capital assets, net of depreciation	\$ 2,984,955	\$ 2,517,481	\$ 467,474

**Table III**  
**Summary of Capital Assets**  
**Business-Type Activities**

	Business-Type Activities		
	2022	2021	Change
Land	\$ 1,483,996	\$ 1,483,996	\$ -
Construction in Progress	-	-	-
Infrastructure	42,800,328	39,274,741	3,525,587
Totals at historical cost	44,284,324	40,758,737	3,525,587
Less accumulated depreciation	(6,274,794)	(5,283,243)	(991,551)
Capital assets, net of depreciation	\$ 38,009,530	\$ 35,475,494	\$ 2,534,036

#### Long Term Debt

Long-term debt at year end for governmental activities consisted of maintenance tax notes and compensated absences totaling \$ 323,102. Business-type activities long-term debt consisted of bonds and notes payable totaling \$59,160,000 which are related to the construction of the City's water/wastewater treatments. A summary of long-term debt is as follows:

**Table IV**  
**Summary of Long-Term Debt**  
**Governmental Activities**

	Governmental Activities		
	2022	2021	Change
Maintenance Tax Notes	\$ 310,000	\$ 335,000	\$ (25,000)
Compensated Absences	13,102	8,790	4,312
Totals	\$ 323,102	\$ 343,790	\$ (20,688)

**Table IV**  
**Summary of Long-Term Debt**  
**Business-Type Activities**

	Business-Type Activities		
	2022	2021	Change
Maintenance Tax Notes	\$ 28,695,000	\$ 30,065,000	\$ (1,370,000)
Notes Payable	30,465,000	30,945,000	(480,000)
Totals	\$ 59,160,000	\$ 61,010,000	\$ (1,850,000)

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Jarrell has adopted an overall expenditure budget for FY2021/2022 totaling \$27,759,179. Property tax rates for FY 2021/2022 per \$100 property valuation are \$0.115161 for maintenance and operations and \$0.304339 for interest and sinking for a total rate of \$0.4195 per \$100 property valuation.

## **CONTACTING THE CITY OF JARRELL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Jarrell's finances and to demonstrate the City of Jarrell's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Jarrell's City Secretary, Dianne Peace at 512-746-4593.

## **GOVERNMENT-WIDE STATEMENTS**

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 841,663	\$ 1,273,027	\$ 2,114,690
Investments-Current	2,429,087	9,180,051	11,609,138
Receivables (net of allowance for uncollectibles)	497,665	64,365	562,030
Restricted Cash	4,983,890	28,176,949	33,160,839
Capital Assets:			
Land	404,177	1,483,996	1,888,173
Infrastructure, net	997,959	36,525,534	37,523,493
Buildings & Improvements, net	1,285,324	-	1,285,324
Machinery and Equipment, net	297,495	-	297,495
Total Assets	<u>\$ 11,737,260</u>	<u>\$ 76,703,922</u>	<u>\$88,441,182</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 96,147	\$ 223,314	\$ 319,461
Customer Deposits Payable	-	107,450	107,450
Accrued expenses	79,823	-	79,823
Deferred Revenues	31,044	44,562	75,606
Noncurrent Liabilities:			
Due Within One Year	25,000	1,715,000	1,740,000
Due in More Than One Year	298,102	57,445,000	57,743,102
Total Liabilities	<u>530,116</u>	<u>59,535,326</u>	<u>60,065,442</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,661,853	4,535,140	7,196,993
Restricted for:			
Restricted for Debt Service	33,525	2,491,339	2,524,864
Restricted for Economic Development	676,079	-	676,079
Restricted for Streets Improvements	1,178,948	-	1,178,948
Restricted for Capital Projects	3,095,338	-	3,095,338
Unrestricted	3,561,401	10,142,117	13,703,518
Total Net Position	<u>\$ 11,207,144</u>	<u>\$ 17,168,596</u>	<u>\$28,375,740</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
General Government	\$ 2,353,304	\$ 480,901	\$ 26,223	\$ (1,846,180)	\$ -	\$ (1,846,180)
Public Safety	269,553	-	-	(269,553)	-	(269,553)
Highways and Streets	121,912	-	-	(121,912)	-	(121,912)
Parks and Recreation	55,019	-	-	(55,019)	-	(55,019)
Economic Development	185,359	-	-	(185,359)	-	(185,359)
Interest	925,813	-	-	(925,813)	(916,600)	(925,813)
Fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Governmental Activities:	3,910,960	480,901	26,223	(2,487,236)	(916,600)	(3,403,836)
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Water/Wastewater Fund	2,817,848	7,036,002	-	-	4,218,154	4,218,154
Total Business-Type Activities:	2,817,848	7,036,002	-	-	4,218,154	4,218,154
Total Primary Government	\$ 6,728,808	\$ 7,516,903	\$ 26,223	\$ (2,487,236)	\$ 3,301,554	\$ 814,318
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes				339,332	-	339,332
Property Taxes, Levied for Debt Service				899,864	-	899,864
Sales Taxes				3,005,287	-	3,005,287
Franchise Taxes				219,940	-	219,940
Miscellaneous Revenue				413,437	353,085	766,522
Investment Earnings				31,166	8,131	39,297
Transfers In/(Out)				(1,349,969)	1,349,969	-
Total General Revenues				3,559,057	1,711,185	5,270,242
Change in Net Position				1,071,821	5,012,739	6,084,560
Net Position - Beginning				10,135,323	12,155,857	22,291,180
Net Position				\$ 11,207,144	\$ 17,168,596	\$ 28,375,740

**This page intentionally left blank**

## **FUND FINANCIAL STATEMENTS**



**CITY OF JARRELL, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	862,869	33,525	3,095,338	938,336	4,930,068
Investments-Current	2,429,527	-	-	895,045	3,324,572
Taxes Receivable	7,206	25,953	-	-	33,159
Sales Tax Receivable	278,129	-	-	32,899	311,028
Accounts Receivable	155,741	-	-	-	155,741
Allowance for Uncollectible Accoun	(2,263)	-	-	-	(2,263)
Due from Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,731,209</b>	<b>\$ 59,478</b>	<b>\$ 3,095,338</b>	<b>\$ 1,866,280</b>	<b>\$ 8,752,305</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	84,894	-	-	11,253	96,147
Wages and Payroll taxes Payable	79,823	-	-	-	79,823
Due to Other Funds	-	-	-	-	-
Deferred Revenues	7,206	25,953	-	-	33,159
<b>Total Liabilities</b>	<b>171,923</b>	<b>25,953</b>	<b>-</b>	<b>11,253</b>	<b>209,129</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Projects	-	-	3,095,338	-	3,095,338
Economic Development	-	-	-	676,079	676,079
Streets Improvements	-	-	-	1,178,948	1,178,948
Debt Service	-	33,525	-	-	33,525
<b>Unassigned</b>					
Reported in the General Fund	3,559,286	-	-	-	3,559,286
<b>Total Fund Balances</b>	<b>3,559,286</b>	<b>33,525</b>	<b>3,095,338</b>	<b>1,855,027</b>	<b>8,543,176</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 3,731,209</b>	<b>\$ 59,478</b>	<b>\$ 3,095,338</b>	<b>\$ 1,866,280</b>	<b>\$ 8,752,305</b>

The notes to the Financial Statements are an integral of this statement.

**CITY OF JARRELL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 8,543,176

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$4,235,240 for capital assets and \$1,250,285 for accumulated depreciation to the Statement of Net Position was an increase in net position. 2,984,955

Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net position. -

Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in net position. -

Accrued vacation and sick leave payable is not included in governmental funds (13,102)

Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in net position. (310,000)

Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of activities in the year levied. The net effect of this difference in property tax revenue recognition is a decrease in net position. 25,953

Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of Activities resulted in an increase (decrease) in net positions. (23,838)

**Net Position of Governmental Activities** \$ 11,207,144

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>REVENUES</b>					
8					
Property Taxes	\$ 321,653	\$ 899,864	\$ -	\$ -	\$ 1,221,517
General Sales and Use Taxes	2,265,723	-	-	739,564	3,005,287
Franchise Tax	219,940	-	-	-	219,940
Licenses and Permits	459,309	-	-	-	459,309
Intergovernmental Rev. & Grants	26,223	-	-	-	26,223
Fines and Court Costs	21,592	-	-	-	21,592
Investment Earnings	6,479	2,015	19,695	2,977	31,166
Other Revenue	413,437	93,214	26,223	-	532,874
Total Revenues	<u>3,734,356</u>	<u>995,093</u>	<u>45,918</u>	<u>742,541</u>	<u>5,517,908</u>
<b>EXPENDITURES</b>					
Current:					
General Government	2,354,947	-	-	-	2,354,947
Public Safety	165,425	-	-	-	165,425
Highways and Streets	9,149	-	-	96,715	105,864
Parks and Recreation	41,739	-	-	-	41,739
Conservation and Development					
Economic Development	-	-	-	185,188	185,188
Debt Service:					
Principal	-	25,000	-	-	25,000
Interest	-	9,213	-	-	9,213
Fees	-	-	-	-	-
Capital Outlay:					
Capital Outlay	364,310	-	319,229	-	683,539
Total Expenditures	<u>2,935,570</u>	<u>34,213</u>	<u>319,229</u>	<u>281,903</u>	<u>3,570,915</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>798,786</u>	<u>960,880</u>	<u>(273,311)</u>	<u>460,638</u>	<u>1,946,993</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	-	-	-	-	-
Transfers in	-	-	1,234,081	-	1,234,081
Transfers Out (Use)	(1,622,482)	(961,568)	-	-	(2,584,050)
Total Other Financing Sources (Uses)	<u>(1,622,482)</u>	<u>(961,568)</u>	<u>1,234,081</u>	<u>-</u>	<u>(1,349,969)</u>
Net Change in Fund Balances	(823,696)	(688)	960,770	460,638	597,024
Fund Balances - Beginning	<u>4,382,982</u>	<u>34,213</u>	<u>2,134,568</u>	<u>1,394,389</u>	<u>7,946,152</u>
Fund Balances-Ending	<u>\$ 3,559,286</u>	<u>\$ 33,525</u>	<u>\$ 3,095,338</u>	<u>\$ 1,855,027</u>	<u>\$ 8,543,176</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 597,024
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	683,539
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net positions.	(216,065)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in the change in net position.	25,000
Bond proceeds from water sewer fund used to purchase general fund assets	-
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase (decrease) in the change in net position.	(17,679)
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of activities resulted in an increase (decrease) in the change in net position.	<u>2</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 1,071,821</u></u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	Water Wastewater Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,273,027
Investments - Current	9,180,051
Restricted Cash	28,176,949
Accounts Receivable	64,365
Total Current Assets	<u>38,694,392</u>
Noncurrent Assets	
Capital Assets:	
Land Purchase and Improvements	1,483,996
Construction In Progress	-
Utilities Infrastructure	42,800,328
Accumulated Depreciation -Utilities Infrastructure	<u>(6,274,794)</u>
Total Noncurrent Assets	<u>38,009,530</u>
Total Assets	<u><u>\$ 76,703,922</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	223,314
Customer Deposits Payable	107,450
Accrued Interest Payable	-
Deferred Revenue	44,562
Total Current Liabilities	<u>375,326</u>
Noncurrent Liabilities:	
Due within One Year	1,715,000
Due in More Than One Year	57,445,000
Total Noncurrent Liabilities	<u>59,160,000</u>
Total Liabilities	<u>59,535,326</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,535,140
Restricted for:	
Capital Projects & Debt Service	2,491,339
Unrestricted	10,142,117
Total Net Position	<u><u>\$ 17,168,596</u></u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Water/ Wastewater Fund</b>
OPERATING REVENUES:	
Charges for Services	\$ 7,036,002
Total Operating Revenues	<u>7,036,002</u>
OPERATING EXPENSES:	
Purchased Professional & Technical Services	347,946
Other Operating Costs	1,478,351
Depreciation Expense	<u>991,551</u>
Total Operating Expenses	<u>2,817,848</u>
Operating Income (Loss)	<u>4,218,154</u>
NON-OPERATING REVENUE (EXPENSES):	
Transfers In/(out)	1,349,969
Investment Earnings	8,131
Miscellaneous Income	353,085
Interest Expense - Non-Operating	<u>(916,600)</u>
Total Non-Operating Revenue (Expenses)	<u>794,585</u>
Change in Net Position	5,012,739
Total Net Position - October 1 (Beginning)	<u>12,155,857</u>
Total Net Position - September 30 (Ending)	<u>\$17,168,596</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Water/ Wastewater Fund</b>
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from User Charges	\$ 5,222,159
Cash Payments for Purchased Professional & Technical Services	(347,946)
Cash Payments for Other Operating	(149,195)
Net Cash Provided by Operating Activities	<u>5,338,645</u>
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Acquisition of Capital Assets	(3,525,587)
Interest Expense	(916,600)
Change in Long-Term Debt	(1,850,000)
Operating Transfers In (Out)	1,349,969
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(4,942,218)</u>
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest income	8,131
Reduction (Increase) of Investments	676,269
Net Cash Provided by (Used for) Investing Activities	<u>684,400</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,080,827
Cash and Cash Equivalents at Beginning of the Year:	<u>28,369,149</u>
Cash and Cash Equivalents at End of the Year:	<u><u>\$ 29,449,976</u></u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Operating Income:	\$ 4,218,154
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	991,551
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	7,166
Increase (decrease) in Accounts Payable	(267,410)
Increase (decrease) in Other Liabilities	33,898
Increase (decrease) in Due to Other Funds/Deferred revenue	2,201
Net Cash Provided by Operating Activities	<u><u>\$ 4,985,560</u></u>

The notes to the Financial Statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**



**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Jarrell, Texas (the "City") is a general law municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Mayor and City council ("Council") form of government and provides the following services: public safety, highways and streets, parks and recreation, planning, economic development, wastewater and general administrative services.

The accompanying financial statements include one component unit: the Jarrell Economic Development Corporation ("4A"). Fulfillment of their corporate purposes is all to be done and accomplished on behalf of the City and for its benefit.

4A is a non-profit corporation whose purpose is to conduct all matters for any and all lawful purposes for which a corporation may be organized under Section 4A of the Development Corporation Act of 1979.

4A is a component unit of the City because the City appoints the Board of Directors of 4A and can remove appointed members of the Board at will.

The component unit is accounted for as special revenue blended component unit of the City.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's and EDC's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes and permits, licenses and donations. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment were offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and proprietary funds are not eliminated and appear on the government-wide Statement of Net Position, the Governmental Fund Balance Sheet, and Proprietary Fund Statement of Net Position as due to/due from other.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds, although the City currently has no fiduciary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences, are recorded only when payment is due.

Sales taxes, franchise taxes, 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. All other revenues are considered to be measurable and available only when cash is received by the City.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. FUND ACCOUNTING**

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.
- **Debt Service Fund** – The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for the City’s capital projects, including the construction of the City’s water/wastewater collection and treatment system.

The City reports the following major proprietary/enterprise fund:

- **Water/Wastewater Fund** – The City accounts for water and wastewater services provided to customers in the Water/Wastewater Fund.

**E. OTHER ACCOUNTING POLICIES**

**Accrued Compensated Absences** – The City has recorded the value of earned but unused compensated absences (vacation and comp time) from its governmental fund activities by employees as an accrued liability in the Statement of NET Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expenses as the liability is liquidated. There was a balance of \$ 8,790 in accrued compensated absences at September 30, 2022 related to the City’s governmental fund activities. There was no compensated absences liability for proprietary fund activities at September 30, 2021.

**Deposits and Investments** – State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, money market mutual funds, bankers’ acceptances, repurchase agreements, and government investment pools. The City’s local investment policy allows the City to invest in obligations of the United States government, certificates of deposit, certain mutual funds, and certain statewide investment pools. Investments for the City are reported at fair value. Investments at September 30, 2021 all consisted of certificates of deposit at local banks. All investments are considered to be Level 2 investments.

**Receivables and Payables** – All outstanding balances between funds are reported as “due to/from other funds.” All accounts receivable are shown net of an allowance for uncollectibles.

**Inventories** – The City generally does not report inventories of supplies such as consumable maintenance and operating items due to the value of these items on hand at any given date being deemed immaterial to the financial statements.

**Property Taxes** - Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

**Property Taxes (Continued)** – Property tax revenues are considered available when they become due or past due and receivable within the current period.

**Capital Assets** – Capital assets which include leasehold improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. 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.

The City chose not to report the initial capitalization of general infrastructure assets retroactive to October 1, 2003, as permitted by GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* for smaller governments. The City reports acquired or constructed general infrastructure assets in the Statement of Net Position subsequent to October 1, 2003 in the period they acquire or construct those assets.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than Buildings	2-20
Equipment	7-10
Infrastructure	5-40
Vehicles	5

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, governmental fund types recognize proceeds and repayments during the current period. The face amount of debt issued is reported as other financing sources. Principal and interest payments are reported as expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance are recorded to denote required usage of fund balance amounts as determined by the City Council. Assignments of fund balance are made by the City Council or the City Manager and reflect planned usages of fund balance amounts.

**Recently Issued and Adopted Accounting Pronouncements** – GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources; Deferred Inflows or Resources*, and *Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: easements, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and was implemented in fiscal year 2013.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows or resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and was implemented in fiscal year 2013.

**Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**II. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk** – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy requires that deposits with banks be insured by the Federal Deposit Insurance Corporation ("FDIC") or fully collateralized as required by the Public Funds Investment Act. At September 30, 2019, the City's deposits with financial institutions were entirely covered by FDIC insurance or pledged collateral held by the agent bank in the City's name.

**Interest Rate Risk** – To limit the City's exposure to interest rate risk, the City's investment policy limits the maximum allowable stated maturities as follows:

Certificates of Deposit	90 days
No-load Money Market Mutual Funds	90 days
United States Treasury Securities	3 years

Also, the maximum weighted average maturity for the portfolio as a whole cannot exceed 365 days.

**Credit Risk** – The City's general investments policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital, and, in general, avoid speculative investments. Further, the City's investment policy limits authorized investments to the following: (a) direct obligations of the United States government, (b) mutual funds offered by the City's depository bank rated no lower than MA or at an equivalent rating by at least one nationally recognized rating service, and (c) statewide investment pools rated no lower than MA or MA-m or at an equivalent rating by at least one nationally recognized rating service.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**III. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables as of September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes (net)	Sales Taxes (net)	Customer Receivables (net)	Accounts Receivable (net)	Total Receivables
Governmental Activities:					
General Fund	\$ 7,206	\$ 278,129	\$ -	\$ 153,478	\$ 438,813
Debt Service Fund	25,953	-	-	-	25,953
Capital Projects Fund	-	-	-	-	-
Non-Major Governmental Funds	-	32,899	-	-	32,899
Total	<u>\$ 33,159</u>	<u>\$ 311,028</u>	<u>\$ -</u>	<u>\$ 153,478</u>	<u>\$ 497,665</u>
Proprietary Activities:					
Water/Wastewater Fund	\$ -	\$ -	\$ 64,365	\$ -	\$ 64,365
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,365</u>	<u>\$ -</u>	<u>\$ 64,365</u>

Payables as of September 30, 2022 consisted of the following:

	Accounts Payable	Salaries Payable	Accrued Interest Payable	Deferred Revenues	Other Payables	Total Payables
Governmental Activities:						
General Fund	\$ 84,894	\$ 79,823	\$ -	\$ 7,206	\$ -	\$ 171,923
Debt Service Fund	-	-	-	25,953	-	25,953
Capital Projects Fund	-	-	-	-	-	-
Non-Major Governmental Funds	11,253	-	-	-	-	11,253
Total	<u>\$ 96,147</u>	<u>\$ 79,823</u>	<u>\$ -</u>	<u>\$ 33,159</u>	<u>\$ -</u>	<u>\$ 209,129</u>
Proprietary Activities:						
Water/Wastewater Fund	\$ 223,314	\$ -	\$ -	\$ -	\$ 107,450	\$ 330,764
Total	<u>\$ 223,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,450</u>	<u>\$ 330,764</u>

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**IV. INTERFUND TRANSFERS**

Operating transfers are transactions of cash or other assets between funds that are intended to be permanent, or not repaid, and serve the financing needs of the receiving fund. During the year, several interfund transfers were made. A summary of transfer activity for the year is shown below:

Fund	Transfer In From	Transfer Out To
General Fund	-	2,584,050
Sales Tax Street Fund	\$ -	\$ -
Economic Development Fund - 4A	-	-
Total General Fund	-	2,584,050
Sales Tax Street Fund		
General Fund	-	-
Total Sales Tax Street Fund	-	-
Economic Development Fund - 4A		
General Fund	-	-
Total Economic Development Fund - 4A	-	-
Grand Totals	\$ -	\$ 2,584,050

Fund	Transfer In From	Transfer Out To
General Fund		
Sales Tax Street Fund	\$ -	\$ -
Economic Development Fund - 4A	-	-
Capital Projects Fund	-	-
Total General Fund	-	-

Debt Service Fund		
General Fund	-	-
Water/Wastewater Fund	-	-
Total Debt Service Fund	-	-

Capital Projects Fund		
General Fund	1,234,081	-
Total Capital Projects Fund	1,234,081	-

Fund	Transfer In From	Transfer Out To
Economic Development Fund - 4A		
General Fund	-	-
Total Economic Development Fund - 4A	-	-
Water/Wastewater Fund		
Utility Fund	1,349,969	400,000
Debt Service Fund	1,598,750	-
Access Fees Fund		3,749,350
Capital Projects Fund	2,550,600	-
Total Water/Wastewater Fund	5,499,319	4,149,350
Grand Totals	\$ 6,733,400	\$ 6,733,400



**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**V. PROPERTY TAXES**

Sec. 4. CITIES AND TOWNS WITH POPULATION OF 5,000 OR LESS: CHARTERED BY GENERAL LAW; TAXES; FINES, FORFEITURES, AND PENALTIES. Cities and towns having a population of five thousand or less may be chartered alone by general law. They may levy, assess and collect such taxes as may be authorized by law, but no tax for any purpose shall ever be lawful for any one year which shall exceed one and one-half per cent of the taxable property of such city; and all taxes shall be collectible only in current money, and all licenses and occupation taxes levied, and all fines, forfeitures and penalties accruing to said cities and towns shall be collectible only in current money.

The City is permitted, by Article XI, Section 5 of the State of Texas Constitution and the City Charter, to levy property taxes up to \$1.50 per \$100 of assessed valuation for general governmental services. Within the \$1.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The City's Ad Valorem Tax Rate for 2022 \$0.115161 for maintenance & operations per \$100.00 assessed valuation and \$0.304339 for interest & sinking per \$100.00 assessed valuation. The adjusted original tax roll was \$1,227,810 on total taxable assessed value of \$292,684,148.

Property taxes as of September 30, 2022, are as follows:

	<b>General Fund</b>
Current Taxes Receivable	<u>\$2,048</u>
Delinquent & Rollback Taxes Receivable	<u>\$31,111</u>
	<u><u>\$33,159</u></u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**VI. FIXED ASSETS**

Capital asset activity for the City of Jarrell for the year ended September 30, 2022, was as follows:

	<u>Balance</u> <u>9/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2022</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets, not depreciated:				
Land	\$ 404,177	\$ -	\$ -	\$ 404,177
Total capital assets, not depreciated	<u>404,177</u>	<u>-</u>	<u>-</u>	<u>404,177</u>
Capital assets, depreciated:				
Infrastructure	1,002,638	549,296	-	1,551,934
Buildings and improvements	1,585,975	-	-	1,585,975
Vehicles and equipment	558,911	134,243	-	693,154
Total capital assets, depreciated	<u>3,147,524</u>	<u>683,539</u>	<u>-</u>	<u>3,831,063</u>
Less accumulated depreciation:				
Infrastructure	482,143	71,832	-	553,975
Buildings and improvements	260,546	40,105	-	300,651
Vehicles and equipment	291,531	104,128	-	395,659
Total accumulated depreciation	<u>1,034,220</u>	<u>216,065</u>	<u>-</u>	<u>1,250,285</u>
Total capital assets, depreciated, net	<u>2,113,304</u>	<u>467,474</u>	<u>-</u>	<u>2,580,778</u>
Total capital assets, net	<u>\$ 2,517,481</u>	<u>\$ 467,474</u>	<u>\$ -</u>	<u>\$ 2,984,955</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**VI. FIXED ASSETS (Continued)**

	<u>Balance 9/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2022</u>
PROPRIETARY ACTIVITIES:				
Capital assets, not depreciated:				
Land	\$ 2,434,761	\$ 70,922	\$ -	\$ 2,505,683
Total capital assets, not depreciated	<u>2,434,761</u>	<u>70,922</u>	<u>-</u>	<u>2,505,683</u>
Capital assets, depreciated:				
Construction in Progress	-	-	-	-
Infrastructure	39,274,741	3,525,587	-	42,800,328
Total capital assets, depreciated	<u>39,274,741</u>	<u>3,525,587</u>	<u>-</u>	<u>42,800,328</u>
Less accumulated depreciation:				
Infrastructure	5,283,243	991,551	-	6,274,794
Total accumulated depreciation	<u>5,283,243</u>	<u>991,551</u>	<u>-</u>	<u>6,274,794</u>
Total capital assets depreciated, net	<u>33,991,498</u>	<u>2,534,036</u>	<u>-</u>	<u>36,525,534</u>
Total capital assets, net	<u>\$ 36,426,259</u>	<u>\$ 2,604,958</u>	<u>\$ -</u>	<u>\$ 39,031,217</u>

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

<u>Function</u>	<u>Allocated Depreciation</u>
General Government	\$ 82,609
Public Safety	104,128
Highways & Streets	16,048
Parks & Recreation	13,280
Total	<u>\$ 216,065</u>

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**VII. LONG-TERM DEBT**

The Tax & Revenue Certificates of Obligation, Series 2006, originally issued for \$7,895,000, are due in annual installments of \$50,000 to \$675,000 through August 2026 with a 0.0% interest rate. Funds received with this issue are being utilized for the ongoing construction of the City's wastewater collection and treatment system.

The Tax & Revenue Refunding Bonds, Series 2008, originally issued for \$330,000 with interest at 5.15%, were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2008 through 2012. This issue was repaid in 2016.

The Tax & Revenue Certificates of Obligation, Series 2008, originally issued for \$1,520,000, are due in installments ranging from \$5,000 to \$95,000 annually through August 2038 with a 0.0% interest rate. Funds received for these certificates of obligation were received entirely from the Texas Water Development Board to provide additional funds for constructing a new City sewer system and sewer system improvements.

The Tax & Revenue Refunding Bonds, Series 2011, originally issued for \$1,015,000, are due in installments ranging from \$25,000 to \$205,000 annually through August 2020 with an interest rate of 4.2%. These bonds were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2011 through 2020.

The Limited Tax Notes, Series 2012, were issued during 2013 at \$500,000 with interest of 2.75%. Repayment of this note is scheduled to occur with principal payments of \$10,000 to \$30,000 annually each August through 2032. The purpose of this note was to obtain funds to construct the new city hall.

The City entered into a contract with the Lone Star Regional Water Authority (LSRWA) in which LSRWA agreed to issue bonds and use the proceeds to acquire, by purchase and construction, certain water storage and distribution facilities and transfer those facilities, once completed, to the City. In exchange, the City agreed to reimburse LSRWA for all costs related to the issuance of the bonds and be responsible for making all required debt service payments on the bonds. The City has pledged its ad valorem taxes and surplus revenues of the system to secure its obligation to make the agreed payments. The agreement with the LSRWA specified that LSRWA's only source of funds to pay the principal and interest on the bonds is from payments to be made by the City to LSRWA under this contract. LSRWA issued \$2,985,000 in Contract Revenue Bonds during 2015 under the terms of this contract. These Series 2015 bonds carry a fixed interest rate of 2% to 5% and are payable on February 15 and August 15 each year with the final bonds maturing August 15, 2035. Bonds maturing on or after August 15, 2026, are subject to redemption at the option of the Authority prior to their maturity dates in whole, or from time to time, in part, on August 15, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15, 2035 are subject to mandatory sinking fund redemption.

Combination Tax & Surplus Water and Wastewater Revenue Certificates of Obligation, Series 2017, were issued June 20, 2017 for \$12,000,000, and are due in installments ranging from \$400,000 to \$595,000 annually due on August 1<sup>st</sup> from 2018 through 2042. The interest rate is 1.87%. The purpose of this bond is to improve the water & wastewater system.

Combination Tax & Surplus Water and Wastewater Revenue Certificates of Obligation, Series 2018, were issued June 20, 2019 for \$2,000,500, and are due in installments ranging from \$127,162 to \$131,563 semi-annually due on February & August 1<sup>st</sup> from 2020 through 2043. The interest rate is 5% to 3.75%. The purpose of this bond is to improve the water & wastewater system.

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

Long-term debt for governmental activities for the year ended September 30, 2022 is as follows:

Governmental Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2021	Additions	Deletions	Balance 9/30/2022	Due In One Year
Notes Payable:								
Limited Tax Notes, Series 2012	2.75%	\$ 500,000	\$ 12,513	\$ 335,000	\$ -	\$ (25,000)	\$ 310,000	\$ 25,000
Total Notes Payable			12,513	335,000	-	(25,000)	310,000	25,000
Other:								
Compensated Absences			-	8,790	4,312	-	13,102	-
Total Other			-	8,790	4,312	-	13,102	-
Total Long-Term Debt			\$ 12,513	\$ 343,790	\$ 4,312	\$ (25,000)	\$ 323,102	\$ 25,000

Proprietary Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2021	Additions	Deletions	Balance 9/30/2022	Due In One Year
<b>Bonds Payable:</b>								
Tax & Revenue Cert. of Oblig. Srs. 2006	0.00%	\$ 7,895,000	\$ -	\$ 3,220,000	\$ -	\$ (600,000)	\$ 2,620,000	\$ 625,000
Tax & Revenue Cert. of Oblig., Srs. 2008	0.00%	1,520,000	-	1,185,000	-	(30,000)	1,155,000	30,000
Tax & Revenue Ref. Bonds, Srs. 2011	4.20%	1,015,000	-	-	-	-	-	-
Combination Tax & Surplus W & WW '17	2.00%	12,000,000	-	10,330,000	-	(425,000)	9,905,000	425,000
Combination Tax & Revenue Series 2018		2,000,500	-	1,870,000	-	(50,000)	1,820,000	55,000
Combination Tax & Revenue C of O '20	2.13%	13,685,000	-	13,460,000	-	(265,000)	13,195,000	265,000
Total Bonds Payable			-	30,065,000	-	(1,370,000)	28,695,000	1,400,000
<b>Other Long-Term Debt:</b>								
Note Payable to Lone Star RWA	2%-5%	2,985,000	-	2,285,000	-	(130,000)	2,155,000	135,000
Note Payable to Lone Star RWA	2%-5%	18,350,000	-	18,210,000	-	-	18,210,000	-
Note Payable to Lone Star RWA	2%-5%	3,760,000	-	3,730,000	-	-	3,730,000	-
Note Payable to Lone Star RWA	2%-5%	4,590,000	-	4,230,000	-	(125,000)	4,105,000	125,000
Note Payable to Lone Star RWA	2%-5%	940,000	-	880,000	-	(20,000)	860,000	20,000
Note Payable to Lone Star RWA	2%-5%	1,285,000	-	1,235,000	-	(30,000)	1,205,000	30,000
Note Payable to Lone Star RWA	2%-5%	215,000	-	205,000	-	(5,000)	200,000	5,000
Total Other Long-Term Debt:			-	30,775,000	-	(310,000)	30,465,000	315,000
Total Long-Term Debt			\$ -	\$ 60,840,000	\$ -	\$ (1,680,000)	\$ 59,160,000	\$ 1,715,000

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

Future debt service requirements for governmental activities are as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	25,000	8,525	33,525
2024	30,000	7,838	37,838
2025	30,000	7,012	37,012
2026	30,000	6,188	36,188
2027	30,000	5,362	35,362
2028-2032	165,000	14,026	179,026
2033-2036	-	-	-
<b>Total</b>	<b>\$ 310,000</b>	<b>\$ 48,951</b>	<b>\$ 358,951</b>

Future debt service requirements for proprietary activities are as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	1,135,000	263,937	1,398,937
2024	1,165,000	257,482	1,422,482
2025	1,195,000	250,166	1,445,166
2026	1,210,000	241,513	1,451,513
2027	580,000	231,718	811,718
2028-2032	3,105,000	988,843	4,093,843
2033-2037	3,490,000	662,032	4,152,032
2038-2043	3,620,000	284,097	3,904,097
<b>Total</b>	<b>\$ 15,500,000</b>	<b>\$ 3,179,788</b>	<b>\$ 18,679,788</b>

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	315,000	777,402	1,092,402
2024	330,000	907,005	1,237,005
2025	335,000	1,091,249	1,426,249
2026	340,000	1,095,539	1,435,539
2027	350,000	1,307,634	1,657,634
2028-2032	1,905,000	5,260,909	7,165,909
2033-2037	4,055,000	5,183,256	9,238,256
2038-2043	7,875,000	3,911,161	11,786,161
2044-2050	14,960,000	2,516,544	17,476,544
<b>Total</b>	<b>\$ 30,465,000</b>	<b>\$ 22,050,699</b>	<b>\$ 52,515,699</b>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	390,000	405,956	795,956
2024	410,000	386,456	796,456
2025	430,000	365,956	795,956
2026	450,000	344,456	794,456
2027	475,000	321,956	796,956
2028-2032	2,725,000	1,247,230	3,972,230
2033-2037	2,955,000	755,180	3,710,180
2038-2043	3,245,000	440,780	3,685,780
2044-2050	2,115,000	94,987	2,209,987
<b>Total</b>	<b>\$ 13,195,000</b>	<b>\$ 4,362,957</b>	<b>\$ 17,557,957</b>

**VIII.COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or 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.

The City is currently party to a regional effort with neighboring water systems for the delivery of an additional water supply to be provided from a combination of groundwater and surface water sources through the Lone Star Regional Water Authority, a regional water authority created in the 2011 session of the Texas legislature which can facilitate financing of the regional water supply efforts by the City and other political subdivisions in northern Williamson and southern Bell Counties.

In that regard, the City has entered into a Water Facilities Acquisition, Construction and Financing Contract with the Authority as of September 1, 2015. Under this contract, the Authority has agreed to construct water transmission facilities to deliver treated water from the Brazos River Authority's (BRA) East Williamson County Regional Water Transmission System to the City and other participating water systems. The Authority has finalized an agreement for financing of this project with the State Water Implementation Revenue Fund for Texas which is administered by the Texas Water Development Board (TWDB). The Authority has begun this project and completion is expected in 2018. The City will be obligated to make its pro-rata share of minimum payments necessary to allow the Authority to make all required debt service payments to TWDB and all required payments to BRA for water purchases.

**IX. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disasters. The City has joined together with governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the 'Pool'), a public entity risk pool currently operating as a common risk management insurance program for liability, property and workers' compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits. The Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

**X. LITIGATION**

As of September 30, 2022, the City was not a party to any litigation that would have a material effect on these financial statements.

**XI. SUBSEQUENT EVENTS**

The City has evaluated subsequent events as of April 19, 2023, the date the financial statements were available to be issued.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Budgeted Amounts (Original)</b>	<b>Budgeted Amounts (Final)</b>	<b>Actual Amounts (GAAP Basis)</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Grant income	-	-	26,223	26,223
Property Taxes	275,135	\$ 275,135	\$ 321,653	\$ 46,518
General Sales and Use Taxes	2,081,000	2,218,650	2,265,723	47,073
Franchise Tax	150,000	180,500	219,940	39,440
Licenses and Permits	556,642	556,642	459,309	(97,333)
Charges for Services	-	-	-	-
Fines and Court Costs	63,641	63,641	21,592	(42,049)
Other Revenue	182,800	85,500	419,916	334,416
Total Revenues	<u>3,309,218</u>	<u>3,380,068</u>	<u>3,734,356</u>	<u>354,288</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,561,172	3,188,512	2,354,947	833,565
Public Safety	126,496	126,496	165,425	(38,929)
Public works streets	-	-	9,149	(9,149)
Parks and Recreation	7,500	7,500	41,739	(34,239)
Capital Outlay	-	-	364,310	364,310
Total Expenditures	<u>2,695,168</u>	<u>3,322,508</u>	<u>2,935,570</u>	<u>386,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>614,050</u>	<u>57,560</u>	<u>798,786</u>	<u>(741,226)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	490,777	490,777		(490,777)
Transfers Out	(700,000)	(700,000)	(1,622,482)	(922,482)
Total Other Financing Sources (Uses)	<u>(209,223)</u>	<u>(209,223)</u>	<u>(1,622,482)</u>	<u>(1,413,259)</u>
Net Change in Fund Balances	404,827	(151,663)	(823,696)	(672,033)
Fund Balances - Beginning	<u>4,382,982</u>	<u>4,382,982</u>	<u>4,382,982</u>	<u>-</u>
Fund Balances - Ending	<u>4,787,809</u>	<u>\$ 4,231,319</u>	<u>\$ 3,559,286</u>	<u>\$ (672,033)</u>

See Notes to Required Supplementary Information.

**CITY OF JARRELL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Budgeted Amounts (Original)</b>	<b>Budgeted Amounts (Final)</b>	<b>Actual Amounts (GAAP Basis)</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Access fees	4,005,000	4,005,000	4,051,260	46,260
Tap fees	23,757	\$ 23,757	\$ 30,471	\$ 6,714
Water and Wastewater fees	2,455,731	2,973,731	2,954,270	(19,461)
Billing fees	-	-	-	-
interest income	5,750	5,750	8,131	2,381
Other Revenue	-	-	353,085	353,085
Total Revenues	<u>6,490,238</u>	<u>7,008,238</u>	<u>7,397,217</u>	<u>342,719</u>
<b>EXPENDITURES</b>				
Current:				
Sewer expense	1,466,422	1,523,722	761,080	762,642
Water expense	781,149	838,449	1,065,216	(226,767)
Depreciation	-	-	991,551	991,551
Sewer Expansion	138,300	138,300		(138,300)
Debt Service expenses	-	-	916,600	(916,600)
Total Expenditures	<u>2,385,871</u>	<u>2,500,471</u>	<u>3,734,447</u>	<u>(1,233,976)</u>
Excess (Deficiency) of Revenues	<u>4,104,367</u>	<u>4,507,767</u>	<u>3,662,770</u>	<u>844,997</u>
Over (Under) Expenditures				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	<u>(3,695,950)</u>	<u>(3,695,950)</u>	<u>1,349,969</u>	<u>5,045,919</u>
Total Other Financing Sources (Uses)	<u>(3,695,950)</u>	<u>(3,695,950)</u>	<u>1,349,969</u>	<u>5,045,919</u>
Net Change in Fund Balances	408,417	811,817	5,012,739	4,200,922
Fund Balances - Beginning	<u>12,155,857</u>	<u>12,155,857</u>	<u>12,155,857</u>	<u>-</u>
Fund Balances - Ending	<u>12,564,274</u>	<u>\$ 12,967,674</u>	<u>\$ 17,168,596</u>	<u>\$ 4,200,922</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

- Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level.
- Budget revisions are made during the year.

An annual budget in accordance with generally accepted accounting principles is adopted for the general fund. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

## **OTHER INFORMATION**

**CITY OF JARRELL, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

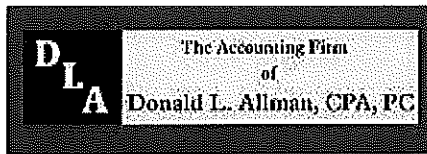
	<b>Economic Development Corp (4A)</b>	<b>Sales Tax Street Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 578,116	\$ 360,220	\$ 938,336
Investments - Current	89,256	805,789	895,045
Sales Tax Receivable	19,960	12,939	32,899
Due from Other Funds	-	-	-
Total Assets	<u>\$ 687,332</u>	<u>\$1,178,948</u>	<u>\$ 1,866,280</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 11,253	\$ -	\$ 11,253
Due to Other Funds	-	-	-
Total Liabilities	<u>11,253</u>	<u>-</u>	<u>11,253</u>
Fund Balances:			
Restricted for:			
Economic Development	676,079	-	676,079
Streets Improvements	-	1,178,948	1,178,948
Total Fund Balances	<u>676,079</u>	<u>1,178,948</u>	<u>1,855,027</u>
Total Liabilities & Fund Balances	<u>\$ 687,332</u>	<u>\$1,178,948</u>	<u>\$ 1,866,280</u>

**CITY OF JARRELL, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Economic Development Corp (4A)</b>	<b>Sales Tax Street Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes:			
General Sales and Use Taxes	\$ 369,782	\$ 369,782	\$ 739,564
Investment Earnings	580	2,397	2,977
Total Revenues	<u>370,362</u>	<u>372,179</u>	<u>742,541</u>
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	-	96,715	96,715
Conservation and Development:			
Economic Development	185,188	-	185,188
Capital Outlay			
Capital Outlay	-	-	-
Total Expenditures	<u>185,188</u>	<u>96,715</u>	<u>281,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>185,174</u>	<u>275,464</u>	<u>460,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out (Use)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	185,174	275,464	460,638
Fund Balances - Beginning	<u>490,905</u>	<u>903,484</u>	<u>1,394,389</u>
Fund Balances - Ending	<u>\$ 676,079</u>	<u>\$ 1,178,948</u>	<u>\$ 1,855,027</u>

## **REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**





Donald L. Allman, CPA, PC  
4749 Williams Drive Suite 322  
Georgetown, Texas 78633  
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

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

Honorable Mayor and City Council Members  
City of Jarrell, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jarrell, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Jarrell, Texas' basic financial statements, and have issued our report thereon dated April 19, 2023.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Donald L. Allman, CPA, PC

Georgetown, TX  
April 19, 2023