



AGENDA

CITY COUNCIL REGULAR MEETING

MARCH 7, 2023 @ 6:00 PM

Notice is hereby given the City Council for the City of Parker will meet on Tuesday, March 7, 2023, at 6:00 P.M. at the Parker City Hall, 5700 E. Parker Road, Parker, Texas 75002. The City Council meeting will be open to the public and live streamed.

Pursuant to Texas Government Code § 551.127, notice is given that it is the intent of the City Council that a quorum of the Council will be physically present for the above-referenced meeting at Parker City Hall, 5700 E. Parker Road, Parker, Texas. Some council members or City employees may participate in this meeting remotely by means of video conference call in compliance with state law.

CALL TO ORDER – Roll Call and Determination of a Quorum

EXECUTIVE SESSION START TO FINISH - Pursuant to the provisions of Chapter 551, Texas Government Code the City Council may hold a closed meeting.

RECESS TO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN:

Government Code Section 551.074 Personnel—To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Government Code Section 551.071(1)—Consultation with City Attorney concerning Pending or Contemplated Litigation.

Government Code Section 551.071(2) – Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter (Open Meetings Act).

RECONVENE REGULAR MEETING.

ANY APPROPRIATE DELIBERATION AND/OR ACTION ON ANY OF THE EXECUTIVE SESSION SUBJECTS LISTED ABOVE.

PLEDGE OF ALLEGIANCE

AMERICAN PLEDGE: I pledge allegiance to the flag of the United States of America; and to the republic for which it stands, one nation under God, indivisible with liberty and justice for all.

TEXAS PLEDGE: Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

PUBLIC COMMENTS The City Council invites any person with business before the Council to speak to the Council. No formal action may be taken on these items at this meeting. Please keep comments to 3 minutes.

ITEMS OF COMMUNITY INTEREST

- i. PARKS AND RECREATION COMMISSION (P&R) – WEDNESDAY, MARCH 8, 2023, 5 PM**
THURSDAY, APRIL 6, 2023 - LAST DAY TO REGISTER TO VOTE FOR THE MAY 6, 2023, GENERAL ELECTION ([IMPORTANT 2023 ELECTION DATES](#))

CANDIDATES NIGHT – THURSDAY, APRIL 13, 2023, 7 PM – VICTORY CHURCH – 6301 E. PARKER ROAD

NATIONAL PRESCRIPTION DRUG TAKE BACK - SATURDAY, APRIL 22, 2023, 10AM-2PM

REMINDER – MAY 6, 2023 – GENERAL ELECTION (EV AND ED INFO)

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Apr 23 | Apr 24 Early Voting 8am to 5pm | Apr 25 Early Voting 8am to 5pm | Apr 26 Early Voting 8am to 5pm | Apr 27 Early Voting 8am to 5pm | Apr. 28 Early Voting 8am to 5pm | Apr. 29 Early Voting 8am to 5pm |
| Apr 30 | May 1 Early Voting 7am to 7pm | May 2 Early Voting 7am to 7pm | May 3 | May 4 | May 5 | May 6 Election Day 7am to 7pm |

CONSENT AGENDA Routine Council business. Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Councilmember or member of staff.

1. APPROVAL OF MEETING MINUTES FOR FEBRUARY 15, 2023 [COUNCIL SPECIAL MEETING – MUNICIPAL COMPLEX/BOND/SALES TAX, 6 PM].
2. APPROVAL OF MEETING MINUTES FOR FEBRUARY 21, 2023 [COUNCIL MEETING, 6 PM].
3. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-728 APPOINTING PARKS AND RECREATION (P&R) COMMISSION OFFICERS.
4. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-729 APPOINTING ZONING BOARD OF ADJUSTMENT (ZBA) OFFICERS.
5. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-730 AUTHORIZING CONTINUED PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; AND AUTHORIZING THE PAYMENT OF FIVE CENTS PER CAPITA TO THE ATMOS CITIES STEERING COMMITTEE TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ATMOS ENERGY CORPORATION.

INDIVIDUAL CONSIDERATION ITEMS

6. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON THE ANNUAL AUDIT REPORT.

ROUTINE ITEMS

7. UPDATE(S):

FM 2551

FUTURE AGENDA ITEMS

8. FUTURE AGENDA ITEMS

ADJOURN

In addition to any specifically identified Executive Sessions, Council may convene into Executive Session at any point during the open meeting to discuss any item posted on this Agenda. The Open Meetings Act provides specific exceptions that require that a meeting be open. Should Council elect to convene into Executive Session, those exceptions will be specifically identified and announced. Any subsequent action, as a result of this Executive Session, will be taken and recorded in open session.

I certify that this Notice of Meeting was posted on or before March 3, 2023, by 5:00 p.m. at the Parker City Hall, and as a courtesy, this Agenda is also posted to the City of Parker Website at www.parkertexas.us.

The Parker City Hall is Wheelchair accessible. Sign interpretations or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the City Secretary's Office at 972 442 6811.

Date Notice Removed

Patti Scott Grey
City Secretary

The Parker City Hall is Wheelchair accessible. Sign interpretations or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the City Secretary's Office at 972 442 6811.



Council Agenda Item

| | | | |
|----------------------------------|-------------|------------------------|-------------------|
| Budget Account Code: | | Meeting Date: | See above. |
| Budgeted Amount: | | Department/ Requestor: | |
| Fund Balance-before expenditure: | | Prepared by: | ACA/CS Scott Grey |
| Estimated Cost: | | Date Prepared: | February 27, 2023 |
| Exhibits: | <u>None</u> | | |

AGENDA SUBJECT

PARKS AND RECREATION COMMISSION (P&R) – WEDNESDAY, MARCH 8, 2023, 5:00 PM

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SUMMARY

Please review information provided.

Inter – Office Use

| | | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |



Council Agenda Item

| | | |
|----------------------------------|---|-------------------|
| Budget Account Code: | Meeting Date: | See above. |
| Budgeted Amount: | Department/ Requestor: | City Secretary |
| Fund Balance-before expenditure: | Prepared by: | ACA/CS Scott Grey |
| Estimated Cost: | Date Prepared: | February 27, 2023 |
| Exhibits: | <u>Proposed Minutes</u> | |

AGENDA SUBJECT

APPROVAL OF MEETING MINUTES FOR FEBRUARY 15, 2023 [COUNCIL SPECIAL MEETING – MUNICIPAL COMPLEX/BOND/SALES TAX, 6 PM].

SUMMARY

Please review the attached minutes. If you have any questions, comments, and/or corrections, please contact the City Secretary at PGrey@parkertexas.us prior to the City Council meeting.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |



MINUTES
CITY COUNCIL MEETING
FEBRUARY 15, 2023

CALL TO ORDER – Roll Call and Determination of a Quorum

The Parker City Council met in a special meeting on the above date at Parker City Hall, 5700 E. Parker Road, Parker, Texas, 75002.

Mayor Lee Pettle called the meeting to order at 6:01 p.m. Mayor Pro Tem Michael Slaughter and Councilmembers Diana M. Abraham, Terry Lynch, Cindy Meyer and Jim Reed were present.

Staff Present: City Administrator Luke Olson, Asst. City Administrator/City Secretary Patti Scott Grey, Finance/Human Resources Director Grant Savage, Interim City Attorney Catherine Clifton, Public Works Director Gary Machado, and Assistant Police Chief Kenneth Price

PLEDGE OF ALLEGIANCE

AMERICAN PLEDGE: Joe Cordina led the pledge.

TEXAS PLEDGE: Todd Fecht led the pledge.

PUBLIC COMMENTS The City Council invites any person with business before the Council to speak. No formal action may be taken on these items at this meeting. Please keep comments to 3 minutes.

Ellis "Skip" Cave, 4407 Springhill Estates Drive, spoke in regard to the BOND, stating in his experience with building a house, one does the design, you go out for bids and then you go to the bank for financing. Mr. Cave said he would prefer the City provide detailed drawings and take comments from residents prior to going out for BOND financing.

Lynnette Ammar, 6903 Audubon Drive, said Mayor, Council and City Staff must be clear on the amount of debt the City can afford. If it is 8.63 million dollars, she asked what other projects need to be funded. Where are the plans and information on those projects? The City also has water infrastructure and roads projects. Ms. Ammar said she felt roads should be the City's first priority. She said Council needs to look at their own vision statement. Ms. Ammar asked that the BOND be placed on the November 2023 ballot.

Ed Standridge, 3607 Hogge Drive, said he wanted to discuss one topic, use of Council Chambers. He noted the Chambers are full. Mr. Standridge said the City does have plans for roads, but residents will have to get involved on a regular basis to know that, rather than sporadically.

Jon Kerr, 6308 Warwick Way, said he represents a majority of his subdivision's residents in King's Crossing. He does not feel the City has properly prioritized projects. Roads are not appropriate, and drainage is not working. Mr. Kerr said he does not think the City has the debt capacity for water infrastructure, road maintenance, and a building. Mr. Kerr asked for a written response to his comments.

Ernest Winston, 5303 Westfield Drive, said King's Crossing subdivision does not have proper drainage and is a breeding ground for the West Nile virus. Mr. Winston asked the City to prioritize better for growth and other expenses, and suggested the City get input from other similar cities on projects.

Scott Robinson, 5213 Cheyenne Drive, said there will not be a great deal of revenue generated by a sales and use tax increase. He asked why it is needed. Mr. Robinson would like to see a new facility but would like to see the plans. He also would like the City to provide a community gathering place, a community center, as well as additional park space.

Joe Cordina, 4302 Boulder Drive, said he feels the theme should be about community spirit. The City of Parker, Texas, is the best place to live. We are a wealthy community, not just materially, but socially, intellectually, culturally, as well as financially. The City needs to set manageable goals and priorities based on quality of life, making sure we can take care of our obligations.

Elvis Nelson, 5802 Corinth Chapel, expressed his appreciation for the Parker Fire Department and Emergency Medical Technicians (EMTs) for their assistance recently. Mr. Nelson said he has sat through hours of discussions and meetings regarding the facility but he does not feel like there has been any real progress. There is no trust and very little review of detailed, required needs versus wants.

Linda Nelson, 5802 Corinth Chapel, related her concerns regarding a BOND. (See Exhibit 1 – Linda Nelson's comments, dated February 15, 2023.)

Henry Shell, 6704 Stafford Drive, said he agrees with other residents' comments that drainage, road maintenance, and other projects should be addressed before the municipal building.

Jim Douglas, 5005 Hackberry Lane, said he felt the proposed municipal complex estimates are too high, it would cost \$12,000 per household and asked Council to review needs and wants.

The following residents' emails will be added to tonight's minutes for the record:

Donald Reynolds, 6805 Cheswick Court, expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 2 – Donald Reynolds' email, dated February 13, 2023.)

Chuck Weis, 4301 Springhill Estates Drive, expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 3 – Chuck Weis' email, dated February 13, 2023.)

Randy Kercho, 5009 Edgewater Court, expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 4 – Randy Kercho's email, dated February 14, 2023.)

Arvid Niranjan, 5203 Middleton, Drive (King's Crossing Phase 2), expressed concern regarding the proposed bond issue/municipal complex; drainage; and Lewis Lane. (See Exhibit 5 – Arvid Niranjan's email, dated February 14, 2023.)

James Clay, 2007 Dublin Road, said he was in favor of a bond election for a municipal facility and expressed his concerns regarding the costs associated with any delay. Mr. Clay also stated he was against a sales and use tax increase that is not going into the general fund. (See Exhibit 6 – James Clay's email, dated February 14, 2023.)

Scott Livesay, 7305 Moss Ridge Road, expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 7 – Scott Livesay's email, dated February 15, 2023.)

Richard Lavender, 6810 Overbrook Drive, expressed concern regarding the proposed bond issue/municipal complex, stating Parker's bond election proposal is a euphemism for a tax increase. (See Exhibit 8 – Richard Lavender's email, dated February 15, 2023.)

Van and Jaclyn Andrews (Guillermo Andrews & Jaclyn Anderhub), 5919 Westfield Drive, expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 9 – Van and Jaclyn Andrews (Guillermo Andrews & Jaclyn Anderhub)'s email, dated February 15, 2023.)

Andy Redmond, 7275 Moss Ridge Road. expressed concern regarding the proposed bond issue/municipal complex. (See Exhibit 10 – Andy Redmond's email, dated February 15, 2023.)

INDIVIDUAL CONSIDERATION ITEMS

1. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 837, CALLING A BOND ELECTION IN THE CITY ON MAY 6, 2023 IN THE AMOUNT OF \$14 MILLION.

Finance/Human Resources Director Grant Savage and Hilltop Securities Director Erick Macha (also present J.P. Morgan Wealth Management Financial Advisor Chris Vasquez) reviewed the Bond Election Calendar for Texas Cities; the City of Parker Tax Impact Analysis February 2023; and the City of Parker City Council Special Meeting Bond Election, Wednesday, February 15, 2023; and responded to questions. (The first two items were provided in the February 15, 2023 City Council packet. The third item is Exhibit 11 – *City of Parker City Council Special Meeting Bond Election, Wednesday, February 15, 2023*, dated February 15, 2023.)

MOTION: Councilmember Meyer moved to approve Ordinance No. 837, calling a Bond Election in the City on May 6, 2023 in the amount of \$8.63 million and removing the word "administration" from the ballot language. Councilmember Abraham seconded with Councilmembers Abraham, Meyer, and Slaughter voting for the motion. Council members Lynch and Reed voting against the motion. Motion carried 3-2.

2. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 838, CALLING A SPECIAL ELECTION TO BE HELD ON SATURDAY, MAY 6, 2023, FOR THE PURPOSE OF CONSIDERING THE ADOPTION OF A LOCAL SALES AND USE TAX FOR STREET MAINTENANCE AT A RATE OF ONE PERCENT (1%) TO PROVIDE REVENUE FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS; AUTHORIZING A JOINT ELECTION WITH COLLIN COUNTY; PROVIDING FOR POSTING AND PUBLICATION OF NOTICE OF THE ELECTION; PROVIDING FOR EARLY VOTING; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS

NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

MOTION: Mayor Pro Tem Slaughter moved to approve Ordinance No. 838, calling a Special Election to be held on Saturday, May 6, 2023, for the purpose of considering the adoption of a Local Sales And Use Tax for street maintenance at a rate of one percent (1%) to provide revenue for maintenance and repair of municipal streets; authorizing a Joint Election with Collin County; providing for posting and publication of notice of the election; providing for early voting; finding and determining that the meeting at which this Ordinance is passed was noticed and is open to the public as required by law; providing for severability; and providing for an immediate effective date. Councilmember Reed seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

Mayor Lee Pettle adjourned the meeting at 9:16 p.m.

APPROVED:

Mayor Lee Pettle

ATTESTED:

Approved on the 7th day
of March, 2023.

Patti Scott Grey, City Secretary

From: [Linda Nelson](#)
To: [Patti Grey](#)
Subject: Parker City Council Meeting (2/15) - Written Comments in Advance of Meeting
Date: Wednesday, February 15, 2023 11:25:19 AM
Attachments: [City of Parker City Council Comments 02152023.pdf](#)

Hi Patty (Parker City Secretary)

Please see attached comments document for tonight's City Council meeting. Please share with City Council and include with meeting documents.

My intention is to speak this evening for **3** minutes using key bullets from this document.

Thank you and see you tonight.

Linda Nelson |

If you received this email in error, please immediately contact the sender and destroy the material in its entirety. Thank you.

Exhibit 1

Day / Date: **Wednesday, February 15, 2023**

Attention: **City Council, Mayor, and City Administrator**

Subject: **City Priorities & Bond Elections**

Hello Mayor, Members of City Council and Members of City Staff,

My name is Linda S. Nelson. I reside at 5802 Corinth Chapel Road in Parker Village. I have lived in Parker since 2009 for over 13 years. Our family is most grateful to Parker first responders who have supported us through two major incidents in the past year.

I want to see all Parker residents, existing and future, continue to enjoy the small town / country living lifestyle while being supported with first class infrastructure & services similar to several of growing neighbors.

I spoke last in this forum almost 1 year ago to encourage City Council to:

- Complete work on an integrated / comprehensive plan addressing: (1) Water; (2) Drainage; and (3) Roads so that there is full line-of-sight of the financial impacts to the City and individual households.
- Build strong, transparent, and sustainable partnerships and agreements that would include periodic updates with all service providers for City of Parker residents. This broader view would extend beyond vendors (e.g., trash) or internal departments (e.g., Water) but also with other entities such as TxDot, NTMWD and Southfork.

There is consideration on whether to include a **\$14M** bond item to cover the municipal complex on the **May 6th ballot**. As you may recall, a similar item was previously considered by Parker Citizens and the vote was **NO** at that time and the underlying reasons for that vote have remain **UNCHANGED**.

While the municipal complex is **IMPORTANT**, it is **NOT** urgent **NOR** is it the highest priority for the City of Parker. And to be clear, it is not simply a matter of affordability of the municipal complex (\$14MM vs. another #), but rather what can we afford for all of the infrastructure type work for the City of Parker.

Priorities should be on completing the work surrounding:

- (1) **Re-establishing trust with Citizens** through transparent and consensus-based decisions through structured forums with published agendas and comprehensive tracking of issues & concerns.

- (2) **Determining Debt Capacity available to fund capital expenditures** with an 'all-in' approach' with the impact to cost of living, including property taxes, clearly identified. Just like with household budgets, knowing what you can afford determine what you buy and when.
- (3) **Developing a Growth Strategy** that will guide capital expenditures: Included in this comprehensive plan is whether Parker will still be known for its country living lifestyle in 5 to 10 years AND influences whether Parker can service new capital expenditures through growth alone or will other revenue sources be required of the citizens.
- (4) **Addressing Water needs** including both rates & deployment. The cost of water + property tax all goes into the calculation for existing and potential Parker residents of whether it is too costly to live in Parker. We should prevent repeat of the rush to approve & build a water facility on Dillehay with activation delayed due to lack of effective coordination with NTWD. Cross-impacting the build of a second water tower will be debt capacity.
- (5) **Addressing Roads & Drainage** to go beyond simply 'filling in potholes. Transportation infrastructure across Collin Country have not kept up with growth patterns and Parker is no different. This is a key factor influencing the 'livability index' for existing and potential Parker residents.
- (6) **Build-out of Municipal Building complex** through redeployment of existing facility and a needs based (not wants based) set of requirements for any new building as debt capacity permits. Significant time & effort had to be expended over the past 2 years spent to correct numerous elements of misinformation contained in the original assumptions (e.g., location of flood plan, existing building couldn't be remediated). And most disconcerting is that there has been no real change in the design or the cost.

This is an important vote for the future of Parker - - for both existing and potential residents.

It would be unfortunate if time & resources had to be expended to defeat a Bond Election rather than working together on a Comprehensive Plan and a future bond election in perhaps November 2023.

I ask that my comments be included in the Council minutes.

Best regards,

Linda Nelson

To: City of Parker
Council and Staff

Feb. 13, 2023

Subject: Consideration of proposition for new facility

Please read into the record my following comments at the Feb. 15th meeting as I am unable to attend in person.

As a resident of Parker, I am concerned and frustrated with the City considering a \$14,000,000+ proposition for a new facility. There have been many meetings discussing various options for a new facility since the residents of Parker voted against proposition A in 2020. I have attended many of these meetings and I have never heard that a 25,000+ square foot complex was the best and most efficient plan.

Size drives cost. I continue to wonder what services the City provides that will not be possible without a new facility three times the size of the current facility. What quality of life or public safety will be impacted unless this huge facility is built?

There are quality of life and public safety issues in the City such as road improvements and drainage but these don't seem to be a priority for the City. Where is a plan to improve roads and drainage?

The \$14,000,000+ cost for a new facility will put a debt burden on all residents of Parker. How can the City propose spending beyond it's current debt limit without significantly raising property taxes? Where will funds come from to improve roads and drainage if the City is obligated to pay for the facility?

Prioritize roads and drainage, after that propose a reasonably sized facility that the City can afford.

Sincerely: Donald Reynolds
6805 Cheswick Court
Parker, TX

Exhibit 2

From: charlesdweis@gmail.com
To: [Patti Grey](mailto:Patti.Grey@parkertexas.us)
Subject: special council meeting, Wednesday, February 15 at 6PM
Date: Monday, February 13, 2023 11:45:54 AM

Patti, per the following email from Terry Lynch: "If you cannot attend but wish to share your view, send an email to the City Secretary, Patti Grey at pgrey@parkertexas.us in sufficient time prior to the meeting."

I have the following questions:

1. What is the total cost including refurbishment of the existing space
2. What would the impact on the tax rate be including that cost, with no additional growth
3. How would this affect availability of debt for other infrastructure development, maintenance and repairs.

Answers to these questions should be provided in any communication regarding this project.

Please include my public comments into the minutes for the February 15 meeting.

Chuck Weis

4301 Springhill Estates Dr

469-271-4928

February 14, 2023

Randy Kercho
5009 Edgewater Ct
Parker, TX

Mayor,

I would appreciate it if you could read and enter into the minutes at the next City Council meeting my thoughts regarding the placement of a bond issuance on the May ballot:

I am in favor of moving forward on investing in our city so as to maintain it as a jewel within North Texas as a place to live, work and enjoy. In order for our city to grow and age with grace it has needs which we cannot ignore or continually set aside. We have outgrown our home and our infrastructure which once was shiny and new is now showing its age. Years of just patching up our facilities and roads compounded with the increased wear and tear of our infrastructure due to the shear growth of our city has caught up with us. The investment needed to catch up on what has been ignored is beyond the City's current resources, placing us in a need of external financing. Despite the need to speed up our response, it is my opinion that more information is needed before placing a bond issuance on our ballot. Additionally, just focusing on facilities without fully acknowledging the financial requirements of our road and drainage issues would be a huge mistake. A review of the City's capacity for debt has just recently begun and still needs to be thoroughly examined in combination with a more complete picture of our financial needs.

From: [Arvind Niranjan](#)
To: [Patti Grey](#); [Jon D. Kerr](#)
Subject: City Council Meeting Email Input
Date: Tuesday, February 14, 2023 4:19:34 PM

Hello,

I want this email to be read into record at the Council meeting tomorrow evening. I will do my best to attend if I can make it back from Fort Worth in time. I live in Kings Crossing Phase 2. For the record, I do NOT support the \$14M bond for the Administrative building unless funds are set aside and projects approved and chartered to fix the drainage and Lewis Lane.

DRAINAGE:

We have dealt with the constant drainage issue and pathetic road conditions for the last 5 years with no resolution. I had to spend my personal money to fix the drainage in front of my house when it should have been the responsibility of the Developer and the City to ensure proper drainage throughout the neighborhood. The standing water is a breeding ground for mosquitoes and other insects and is a serious health concern.

LEWIS LANE:

Lewis Lane is in complete disrepair, with the shoddy patchwork repairs not holding up for more than a few weeks. The excuse we have heard for 5 years is that the county and city lines on that street split responsibility in a confusing way and it takes time to resolve these things. We have also heard excuses that the road was never built for this traffic and that rain washes away the asphalt. It should not take 5 years or more if someone was actually doing something about the matter. Further, when we have called in to complain, the city employee Gary Machado speaks to us rudely and seems to get away with unacceptable behavior and inaction to levels unheard of in any professional environment. Several complaints to him and against him have gone unanswered, which leads me to believe there is really no respect for the word of the residents, unless their votes are needed for pet projects like this.

Not only are we facing immediate health and safety issues, we are most definitely impacting our property values in the long run.

As residents, we welcome a dialog but funding the administrative building has to follow fixing the issues identified above.

Thank you.
Arvind Niranjan

From: [James Clay](#)
To: [Patti Grey](#)
Subject: Council Meeting 15 Feb 2023
Date: Tuesday, February 14, 2023 5:39:34 PM

Good evening Ms. Grey,

I am unable to attend the council meeting on Feb. 15, 2023, but want to render my opinions on the agenda items 1 and 2, and would like for this email to be entered into the council meeting minutes.

Mayor and Council:

I am in favor of having a bond election for a municipal facility in the amount of \$14 million. The facility is long overdue. It is extremely unfortunate that council persons Lynch, Reed, and citizens that do not have Parker's best interest in mind promoted an anti-bond campaign to defeat it some years ago. That delay will cost Parker citizens hundreds of thousands of dollars due to inflation, cost of materials and labor, whenever the facility is eventually built.

I am against a sales tax increase that is not going into the general fund. Roads do need repair, but that can be funded by a bond or Certificate of Obligation.

Council persons Lynch and Reed suffer from analysis paralysis that is costing Parker residents money and delaying projects.

Parker's tax rate has been too low for too long. A slight increase will not be devastating to residents. I think most citizens want to have a nice home in a nice city with good infrastructure, and we must pay the price to enjoy those benefits.

As always, I have nothing but praise for the Parker Police Department and its officers. Their response time and dedication to resolving situations is amazing and appreciated.

Thank you for your service to Parker.

James Clay
2007 Dublin Road

From: Scott & Therese Livesay
Sent: Wednesday, February 15, 2023 10:47 AM
To: Patti Grey
Subject: Municipal Facility Discussion

Patti:

Please provide this to be read into the minutes of the public comments for the next municipal facility discussion. Thank you so much.

Scott Livesay

My name is Scott Livesay
I live at 7305 Moss Ridge Road in Parker

These are my thoughts and comments about the upcoming decision on seeking citizen approval for a bond for the municipal facility. I believe if the city moves forward to request approval from the citizens for a combined facility of close to 21,000 square feet while leaving the existing 4,700 square foot facility for other uses, the request will again be defeated. From 10,000 feet, this request is no different than the previous bond request that was defeated. My suggestion would be for the city to engage the alternative, and support the citizen's approach referred to as "Amanda Noe's", which represented the combined inputs from multiple citizen resources and discussions.

I believe the city needs an improved facility over their current situation. But consider some of the takeaways from the single facility proposal. It is almost 300% more square footage than the existing facilities, including the leased police building. That's a sizeable increase. So, how many more personnel will we house in the new facility? Last I heard, we had 26 people with 4 open reqs, for a total of 30. I understand we expect to grow that to 34 positions in the future. So perhaps a 20% employee growth, plus or minus, against a 300% square footage growth. Larger council chambers, more conference rooms, better facilitated police needs are all understood. But at 10,000 feet, there will be questions from the voters, and this will need voter approval.

I voted for the previous facility bond which, while I thought it was on the excessive side, I recognized the need for the city. But removing the annex that was in that proposal, while leaving the existing facility in this one, will be viewed as pretty much the same request to the voters as the previous request. So in order to get this subject moving forward, I urge the city council to reconsider and not request a bond for a same look and feel proposal. Engage on moving forward with an alternative that is more likely to gain voter approval.

We need a new facility, but I don't believe there is strong voter support for a bond election when there is no decision on the facility itself. I would not suggest placing a bond on the ballot if the facility decision is not laying flat.

Thank you for your time.

Regards:

Scott Livesay
7305 Moss Ridge Rd
Parker, Texas

From: 8malveda@frontier.com
To: Patti Grey
Subject: null
Date: Wednesday, February 15, 2023 4:33:51 PM

Greetings my name is Richard Lavender and I live at 6810 Overbrook Dr. Parker, TX

Parker's bond election proposal is a euphemism for a tax increase. Therefore, looks to me like Parker has a spending problem.

I wish Parker would operate like the city of St. Paul, TX; they remodeled their city hall paid all cash thus no debit.

Please include my public comments into the minutes for the February 15 meeting.

Exhibit 8

From: [Jaclyn Anderhub](#)
To: [Patti Grey](#)
Cc: [VB](#)
Subject: Special City Council Meeting Feb15 @ 6PM -Consideration of Bond
Date: Wednesday, February 15, 2023 5:09:16 PM

Proposal to add Proposition for new Municipal Building

Ms. Grey,

We oppose adding a proposition on the May ballot asking residents to approve a \$14M bond for purposes of “constructing, improving and equipping a new municipal administration facility, renovating an existing administration facility and constructing related parking facilities.”

We do not believe it is in the best interest of the residents of the City of Parker for the following reasons:

1. There are higher priority needs for the residents of Parker than constructing a new municipal administration building.
2. These higher priorities are first, street and drainage improvements and,
3. Improved water capacity and cost of water services.

We believe the above items are of higher priority when considering increase of City debt and residential property taxes. Only after these improvements are met, will we support improvements to the City’s municipal building.

Thank you,

Van and Jaclyn Andrews

From: redmonde@tx.rr.com
To: [Patti Grey](#); [Lee Pettle](#); [Michael Slaughter](#); [Jim Reed](#); [Terry Lynch](#); [Cindy Meyer](#); [Diana Abraham](#)
Subject: 2/15/23 Resident Input to be read at meeting tonight
Date: Wednesday, February 15, 2023 1:30:41 PM

Hello Ms. Grey:

Kindly read this to the meeting tonight, as I may not be able to attend in person.

Dear Mayor Pettle and Council:

I'm Andy Redmond of 7275 Moss Ridge Road.

I would urge each of you to vote NO on the proposed May 2023 Ballot item of \$14MM+ bond for a municipal complex.

The reasons for NO should be obvious, but before a municipal complex is considered an updated comprehensive plan should be completed so the residents understand future financial obligations incurred (probably in excess of \$50MM).

Thanks,
Andy

Exhibit 10

Exhibit 11



City Council Special Meeting

Bond Election

Wednesday, February 15, 2023



Actual Use of Bond Money

- Can the amount approved by the voters be taken in pieces?
 - Yes, the bonds can be issued in multiple series or issued all at once. If being issued for the same project, typically the bonds will be issued all at once if there is the ability to spend funds within a 2-3 year period.



Actual Use of Bond Money

- What is the additional cost associated with issuing bonds in multiple series?

- Some of the financing costs are based on the numbers of bonds issued or a percentage, so there would not be a material additional cost if splitting the issuance into multiple series. However, there are certain fixed/base costs for each issuance. Those costs aren't expected to be more than \$15-\$20K. Comparison of costs can be provided if there are estimated sizes the City is considering splitting. Overall, it is typically advisable to issue based on when funds are needed. Interest rate movement between issuance also needs to be considered.

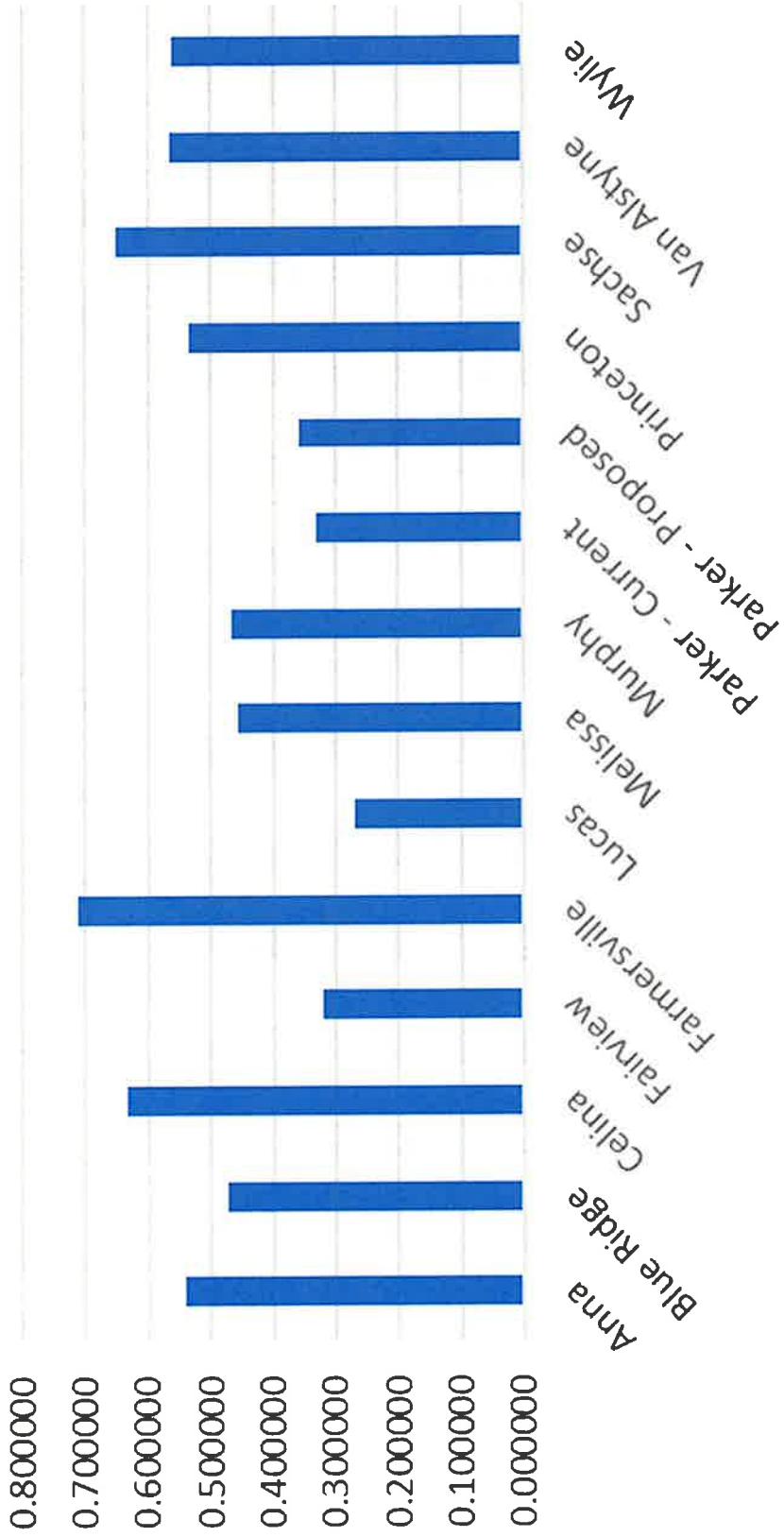
Actual Use of Bond Money

- How many cities issue bonds in multiple series?
 - It is typically recommended to issue based on need. In situations where issuance is split into multiple series, it is often related to different projects and different construction schedules or there is concern on spending the funds within a 2-3 year period.
- Will there be early repayment capability?
 - Yes, typically the bonds will have a 9 or 10 year call feature (at par). A shorter call feature can be evaluated but will increase the interest rate so there needs to be good intention to utilize the call feature in that case.



DEBT CAPACITY MEASURES

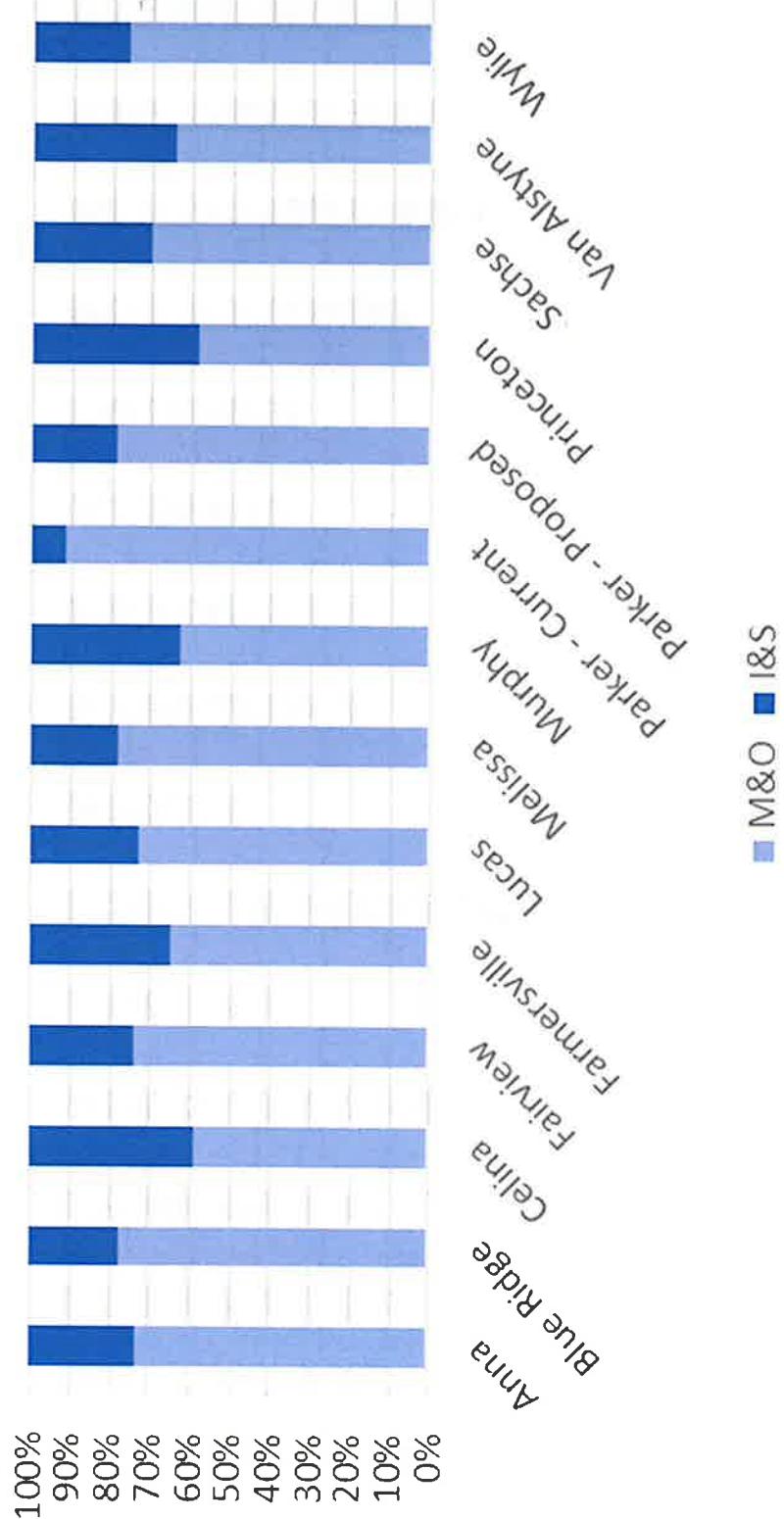
Total Tax Rate





DEBT CAPACITY MEASURES

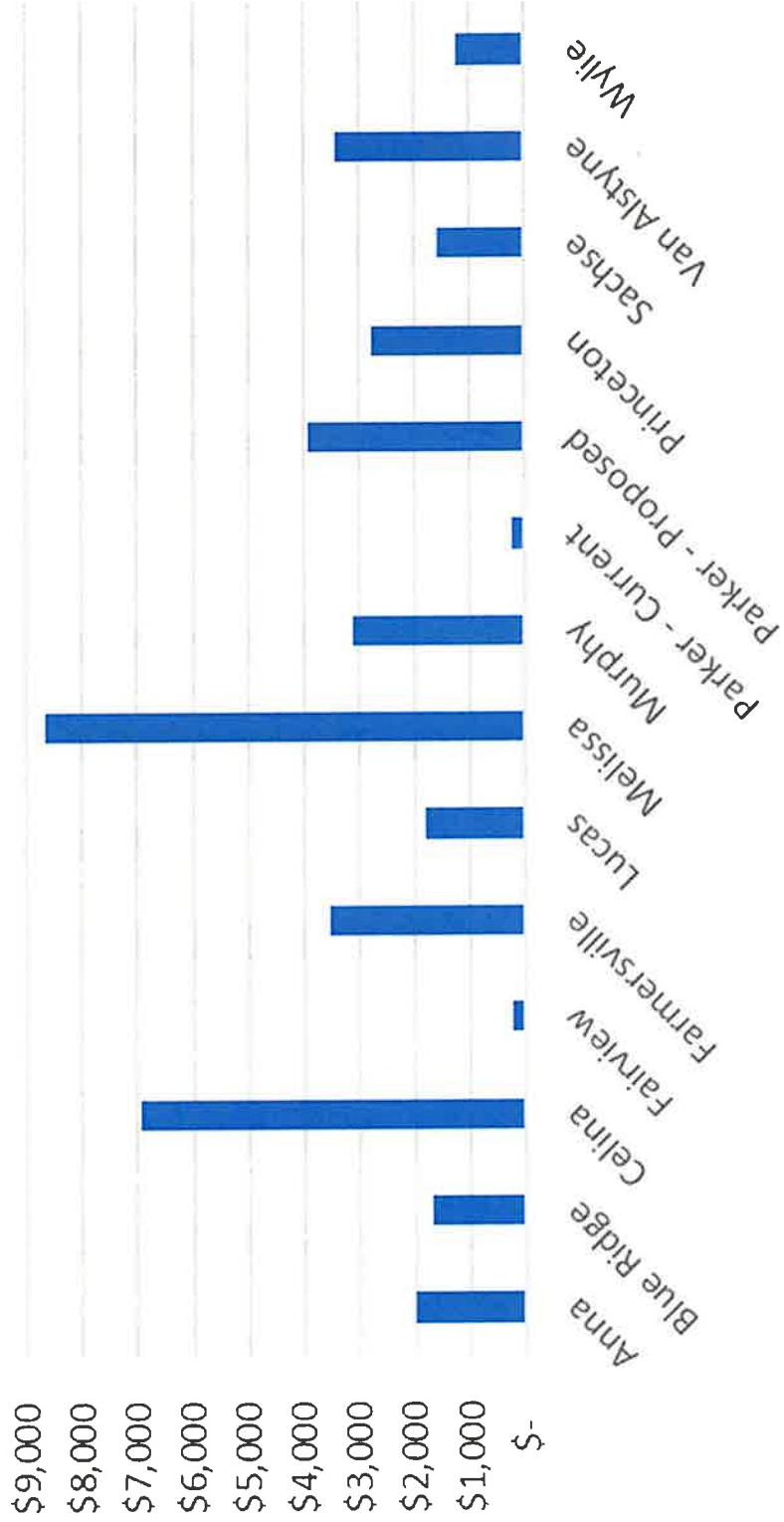
Tax Rate Breakdown





DEBT CAPACITY MEASURES

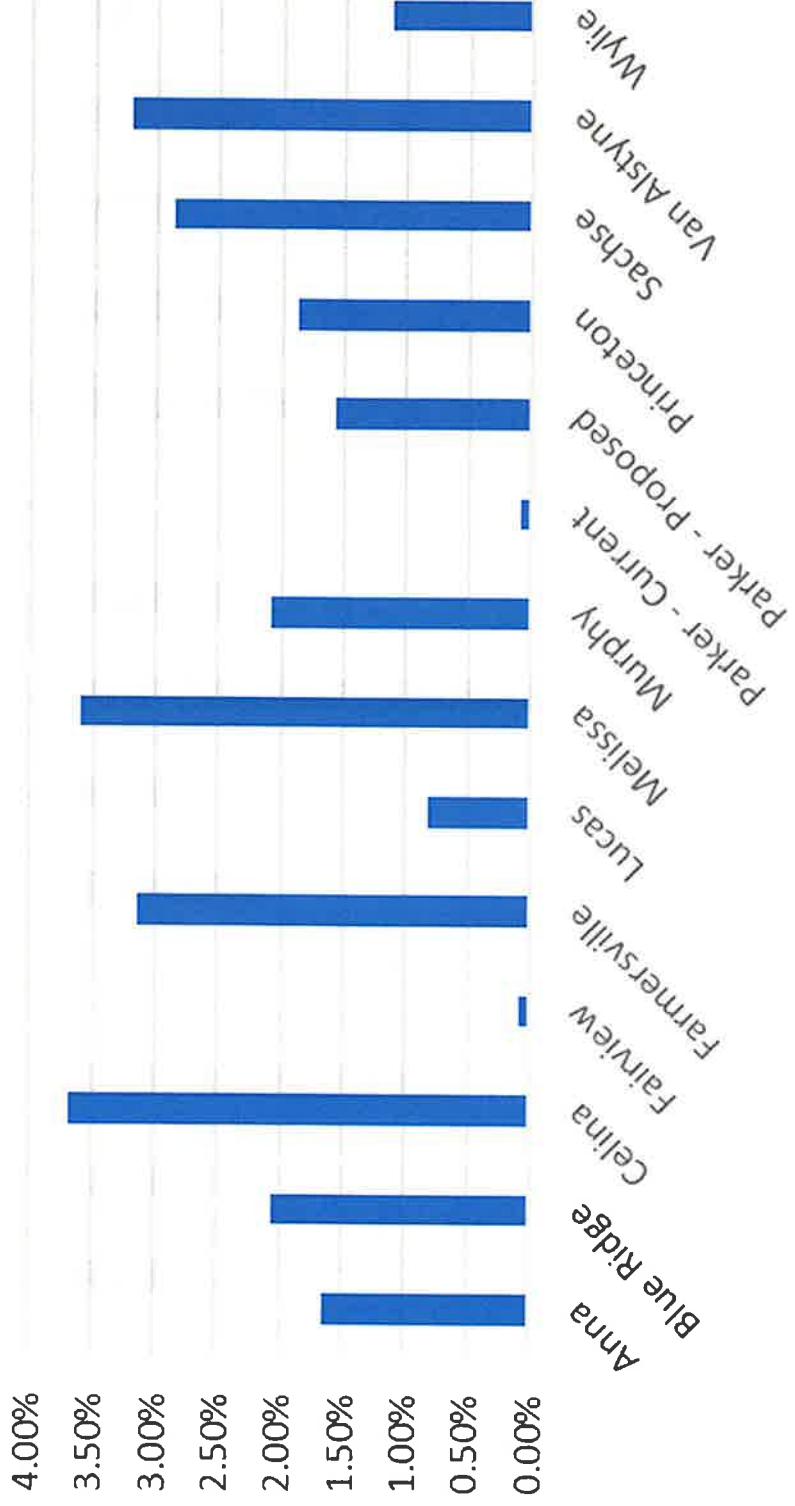
Debt per Capita





DEBT CAPACITY MEASURES

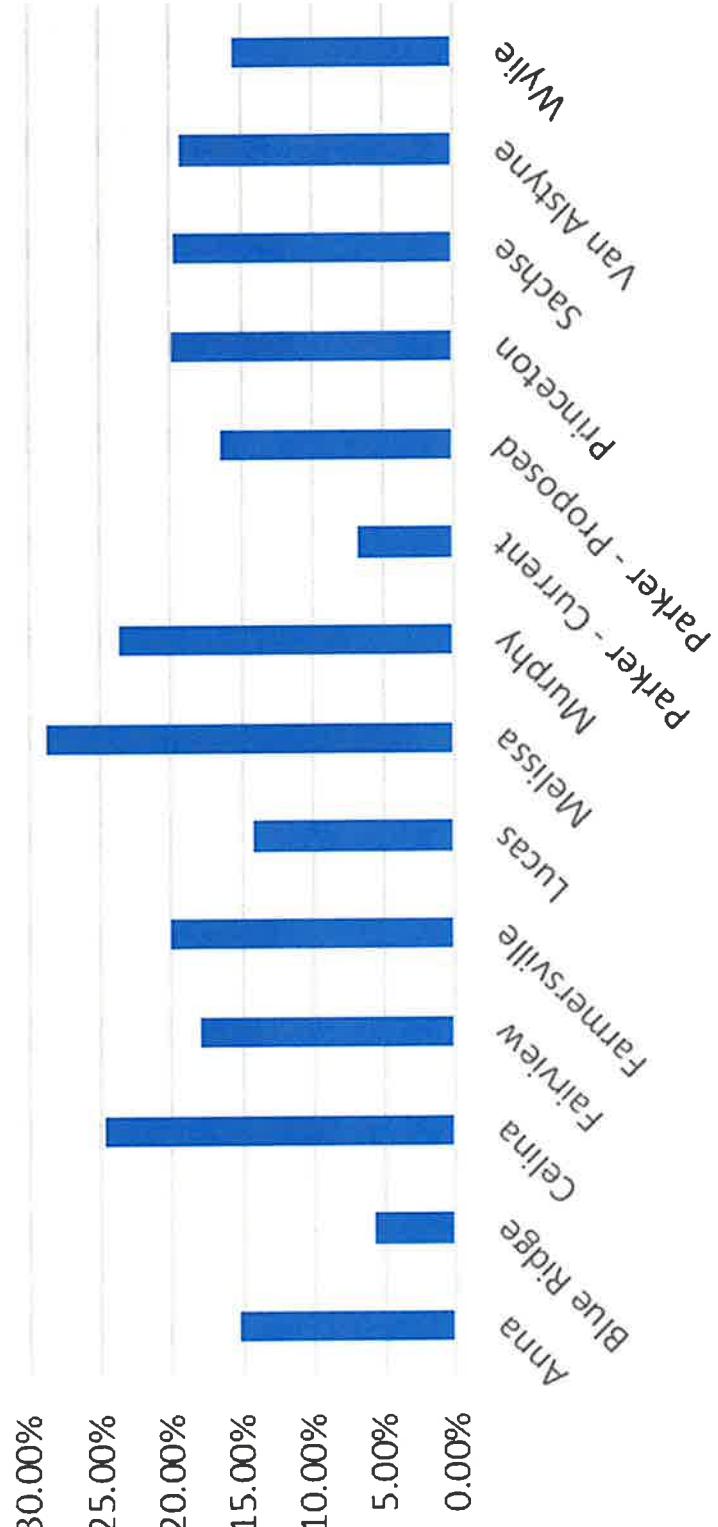
Debt as % of TAV





DEBT CAPACITY MEASURES

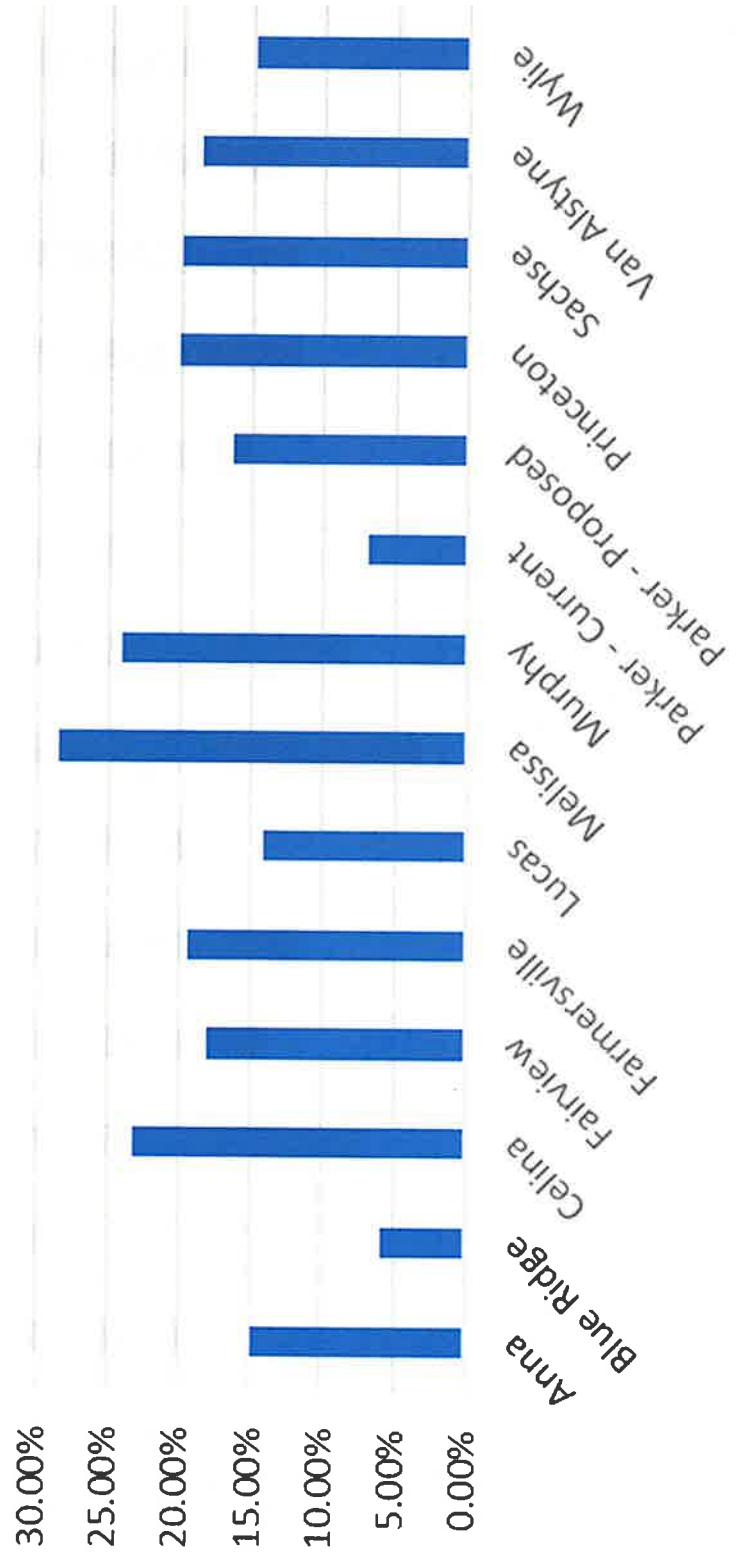
Debt Service as % of Total Revenue





DEBT CAPACITY MEASURES

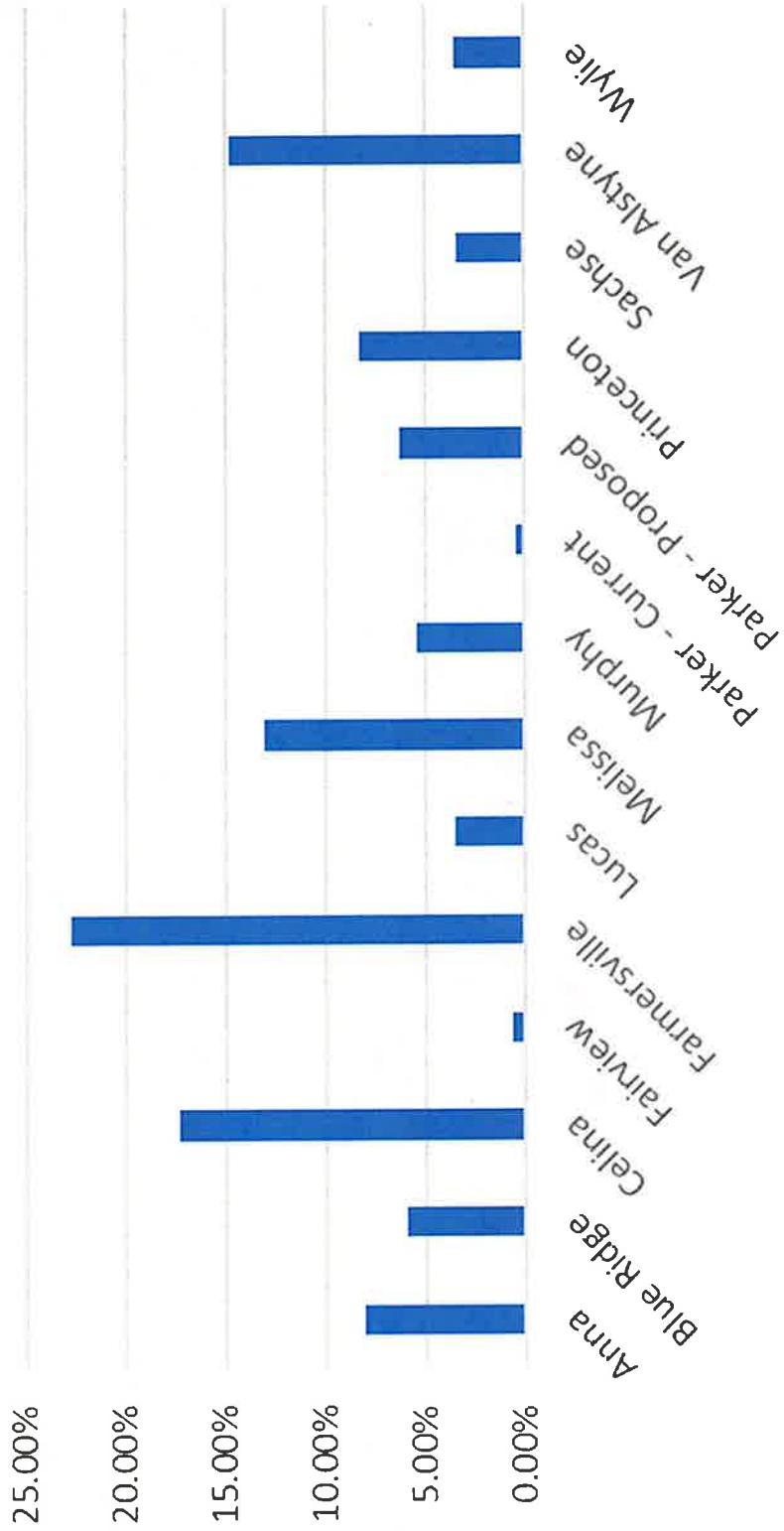
Debt Service as % of Total Expenses





DEBT CAPACITY MEASURES

Debt as % of Personal Income





Comments or Questions?



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Investment Banking Solutions

City of Parker, Texas

Ratings and Credit Analysis

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February 2023

Credit Ratings



- There are three major agencies that provide credit ratings for debt issuers in the U.S. municipal market and other sectors
 - Moody's Investors Service ("Moody's")
 - S&P Global Ratings ("S&P")
 - Fitch Ratings ("Fitch")
 - Kroll Bond Rating Agency ("KBRA") is a newer participant in the market
- A credit rating is an **opinion** about the **relative risk** and potential for default associated with a particular security
- It is not a recommendation to buy, sell or hold that security
- A credit rating is expressed in alphanumeric symbols across a spectrum from highest to lowest

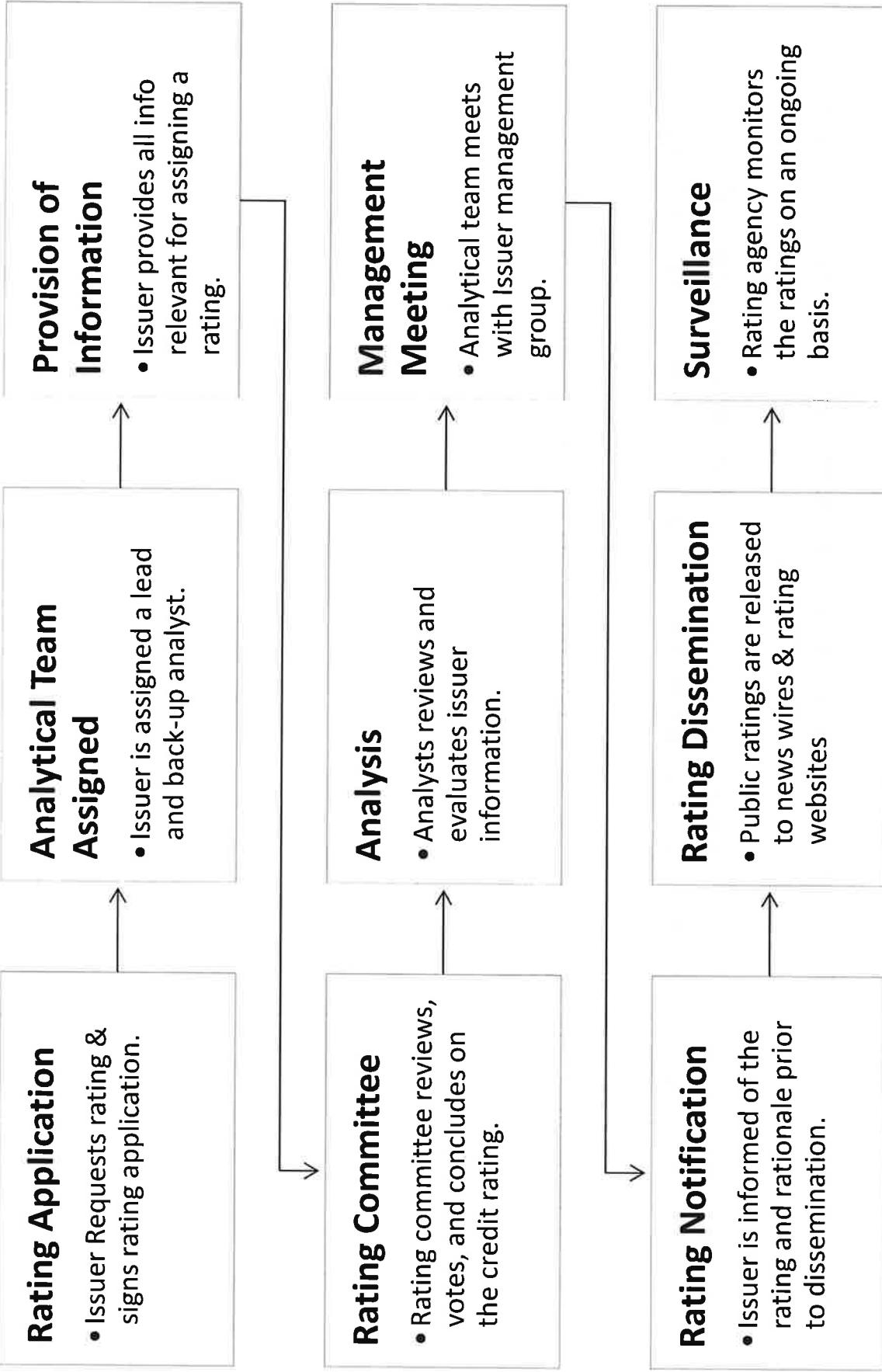
| Moody's | S&P | Fitch |
|---------|------|-------|
| Aaa | AAA | AAA |
| Aal | *AA+ | AA+ |
| Aa2 | AA | AA |
| Aa3 | AA- | AA- |
| A1 | A+ | A+ |
| A2 | A | A |
| A3 | A- | A- |
| Baa1 | BBB+ | BBB+ |
| Baa2 | BBB | BBB |
| Baa3 | BBB- | BBB- |
| Ba1 | BB+ | BB+ |
| Ba2 | BB | BB |
| Ba3 | BB- | BB- |
| B1 | B+ | B+ |
| B2 | B | B |
| B3 | B- | B- |
| Caa1 | CCC+ | CCC+ |
| Caa2 | CCC | CCC |
| Caa3 | CCC- | CCC- |
| Ca | CC | CC |
| C | C | C |
| D | D | D |

Characteristics of Credit Ratings

- Ratings are assigned to both long-term and short-term obligations, although different symbols are used
- **Ratings are assigned at the time of the issuance, and then reviewed periodically based on the availability of updated information, material events and the rating agency's internal surveillance procedures**
 - A rating can go up, down or stay the same from one credit review to another
 - **Ratings are not a prerequisite for issuing debt**

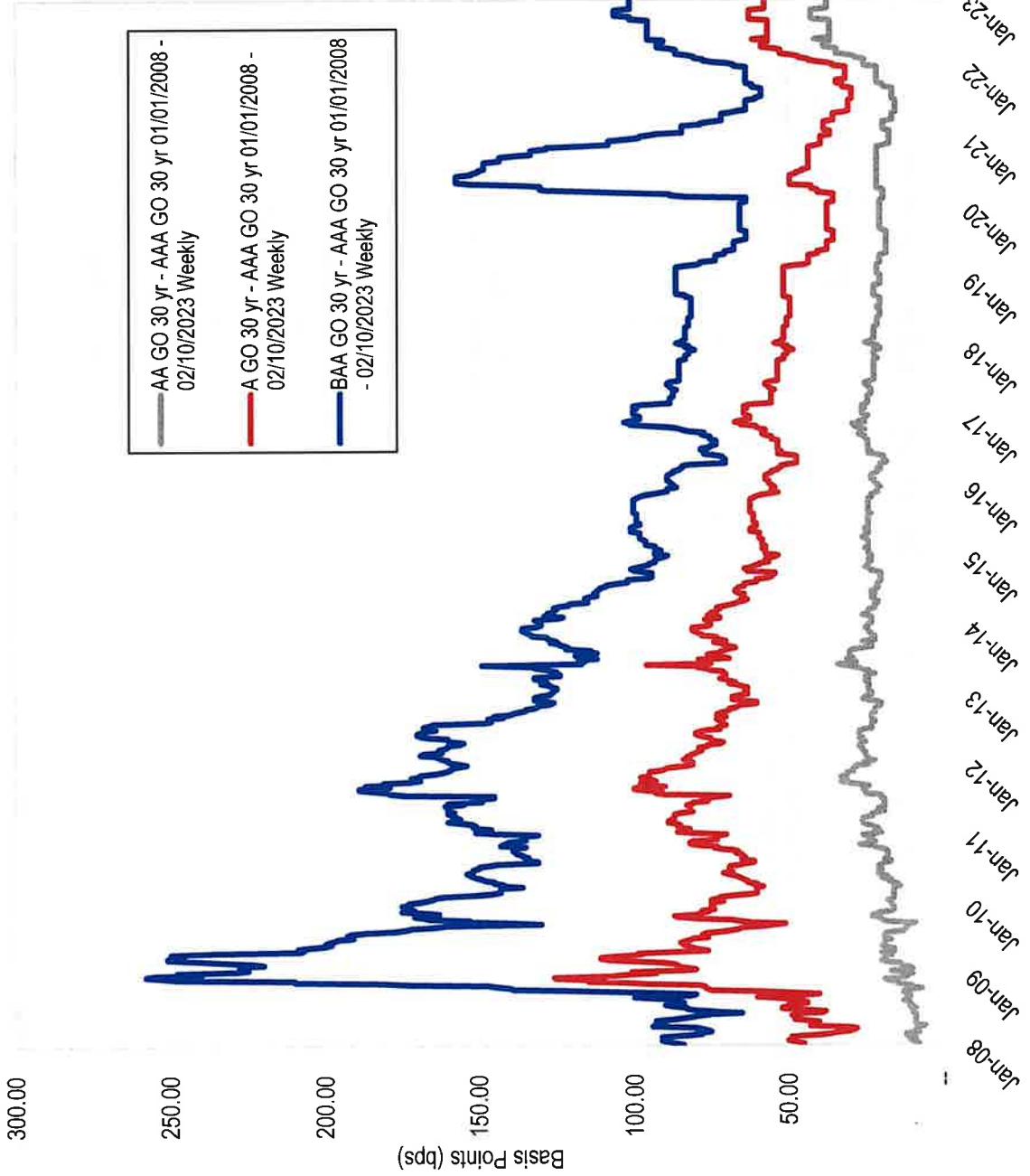


The Rating Process



Credit Spreads as of February 10th, 2023

“Great Recession” to Present



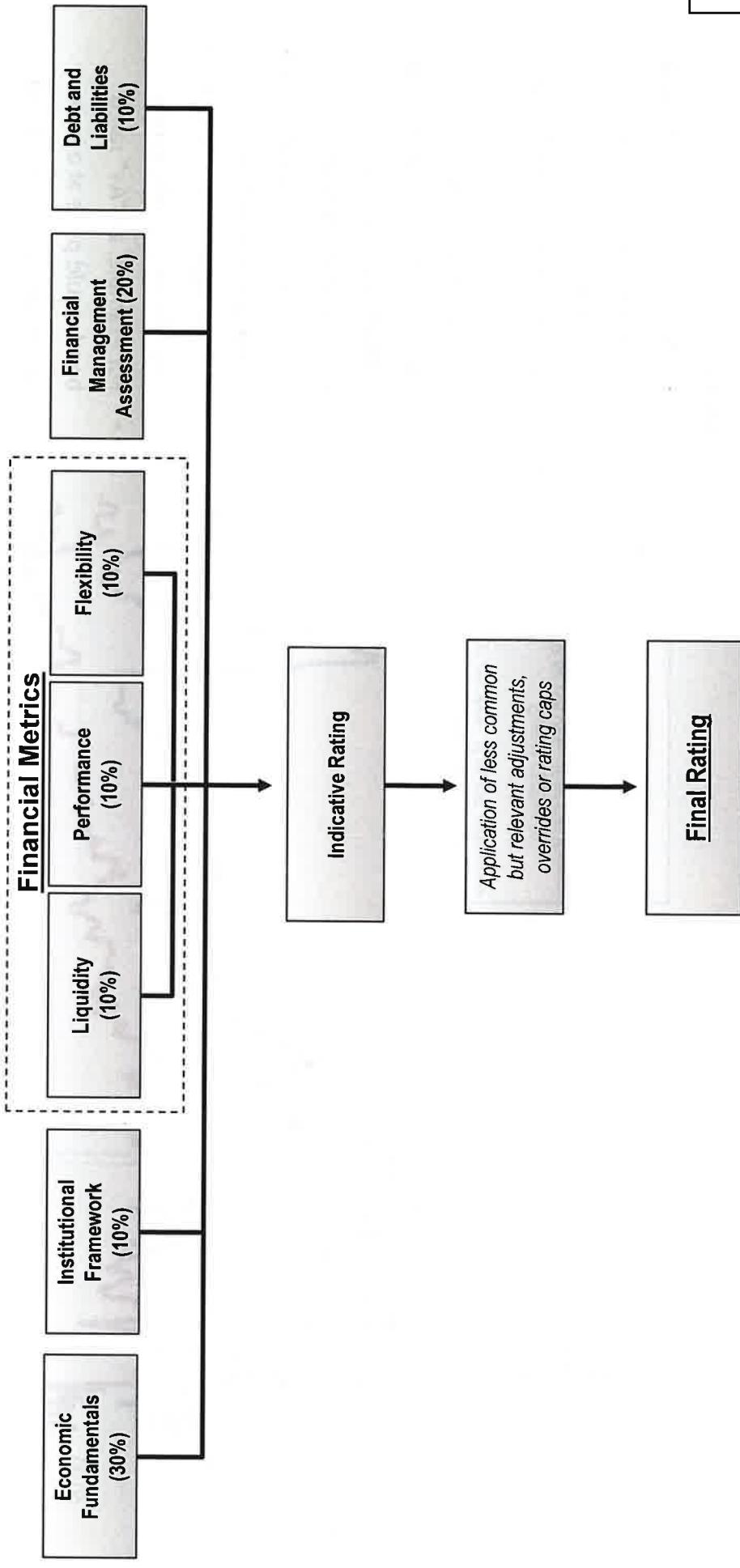
- The MMD tracks credit spreads for GO issues
 - Credit spreads are slightly wider for essential service water and sewer bonds
- Split bond ratings are problematic for issuers
 - Split occurs when rating agencies rate an issuer's bonds in different categories
- Under current market conditions, bonds tend to price closer to the lower rating
- Even within rating categories, there may also be rating differentials
 - For example, an “A+” rated bond would price at a lower yield than an “A” rated bond

Strategic Approach to Ratings Process



STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

S&P Global Ratings – General Obligation Methodology for Local Governments



S&P GO Rating Summary



| S&P – AA+/Stable | |
|--------------------------|---|
| Rating Factors | <ul style="list-style-type: none"> Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA) Adequate management, with standard financial policies and practices under our Financial Management Assessment(FMA) methodology Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2018 |
| | <ul style="list-style-type: none"> Very strong budgetary flexibility, with a high available fund balance in fiscal 2018 of 121% of operating expenditures Very strong liquidity, with total government available cash at 1.5x total governmental fund expenditures and 13.0x governmental debt service, and access to external liquidity we consider strong Very weak debt and contingent liability profile, with debt service carrying charges at 11.8% of expenditures and net direct debt that is 188.2% of total governmental fund revenue |
| Upside Scenario | <p>S&P could raise the rating if Parker's debt profile improves in combination with an improvement in our assessment of the city's financial management policies and practices.</p> |
| Downside Scenario | <p>S&P could lower the rating if Parker experiences a substantial deterioration in its available reserve position either through a sustained trend of weak budgetary performance or large one-time capital expenditures.</p> |

Source: S&P Global Ratings, Nov. 7, 2019

Ratings Comparison



| Issuer | S&P | Moody's |
|-----------------------|------------|---------|
| City of Parker | AA+ | -- |
| City of Anna | AA | Aa2 |
| Town of Fairview | AA+ | Aa2 |
| City of Lucas | AA+ | -- |
| City of Melissa | AA- | Aa3 |
| City of Murphy | AA+ | -- |
| City of Princeton | AA- | -- |
| City of Sachse | AA+ | Aa2 |
| City of Van Alstyne | -- | Aa3 |
| City of Wylie | AA | Aa1 |

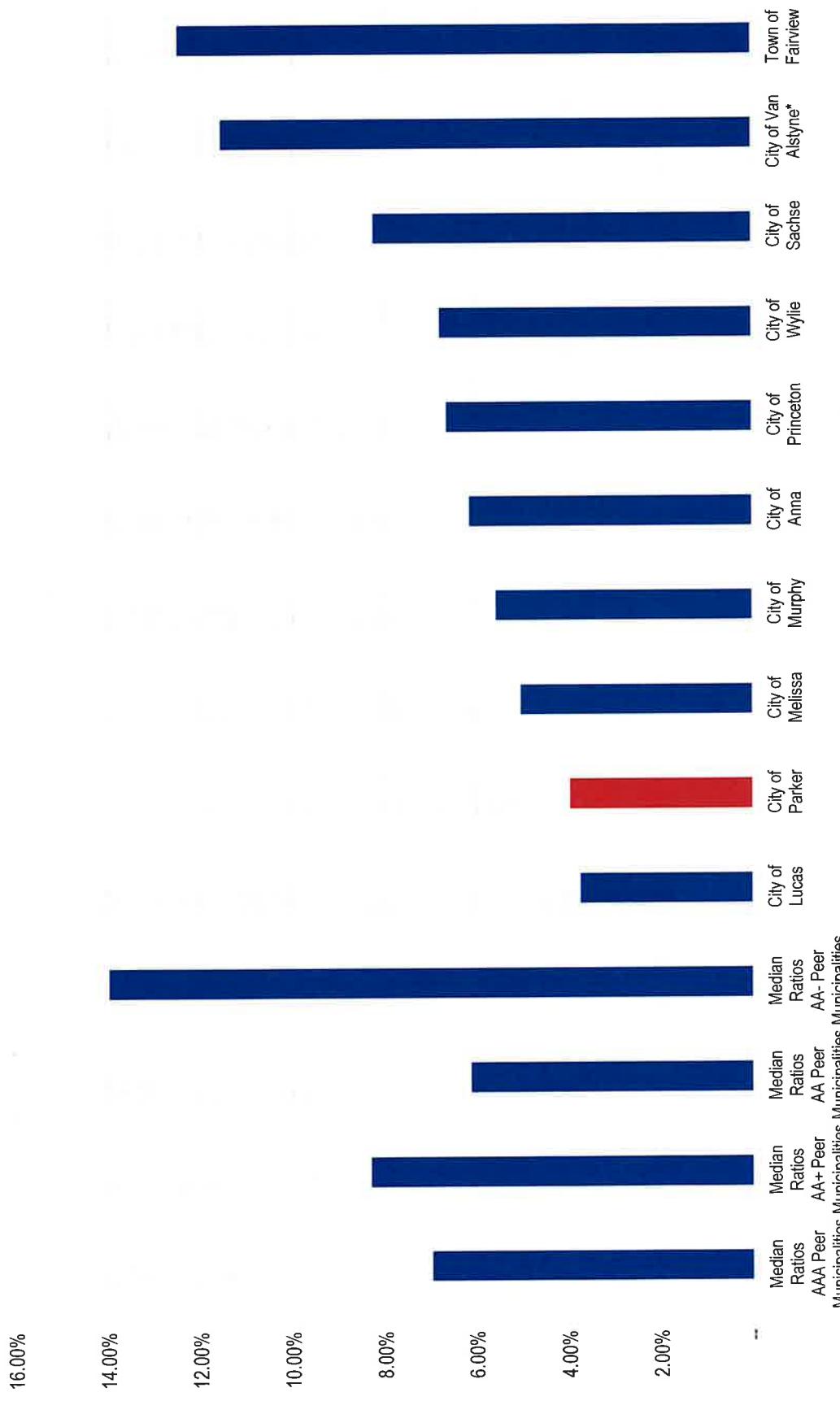
Sources: S&P Global Ratings; Moody's Investors Service

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Comparison to State and Peer Medians – Top 10 Taxpayers as a % Total Assessed Value



Top 10 Taxpayers as a % Total Assessed Value



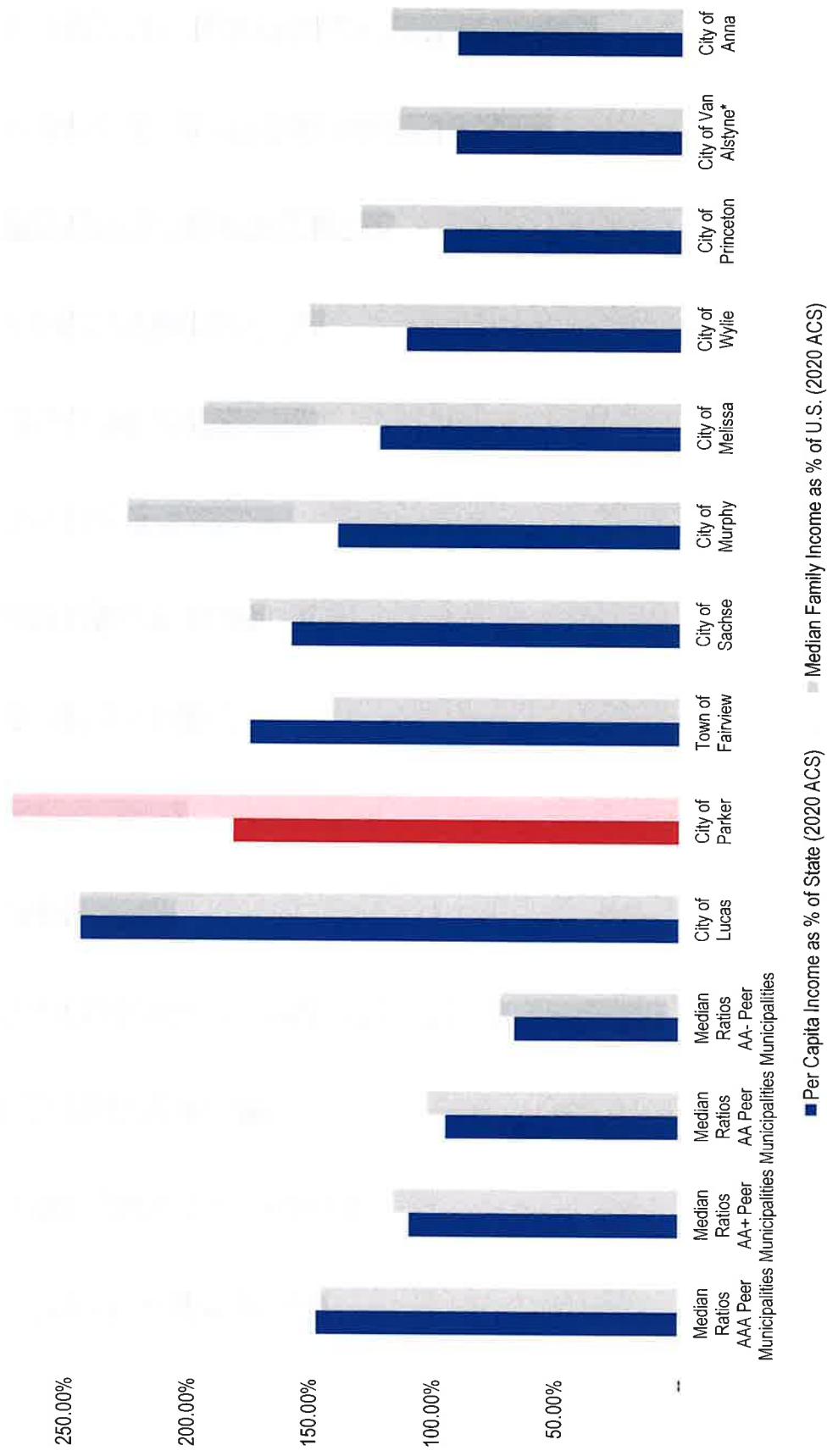
Source: S&P Capital IQ
 *Source: Moody's MFRA

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Comparison to State and Peer Medians – Median Family Income

Comparison to State and Peer Medians – Median Family Income



Source: S&P Capital IQ
*Source: Moody's MBD

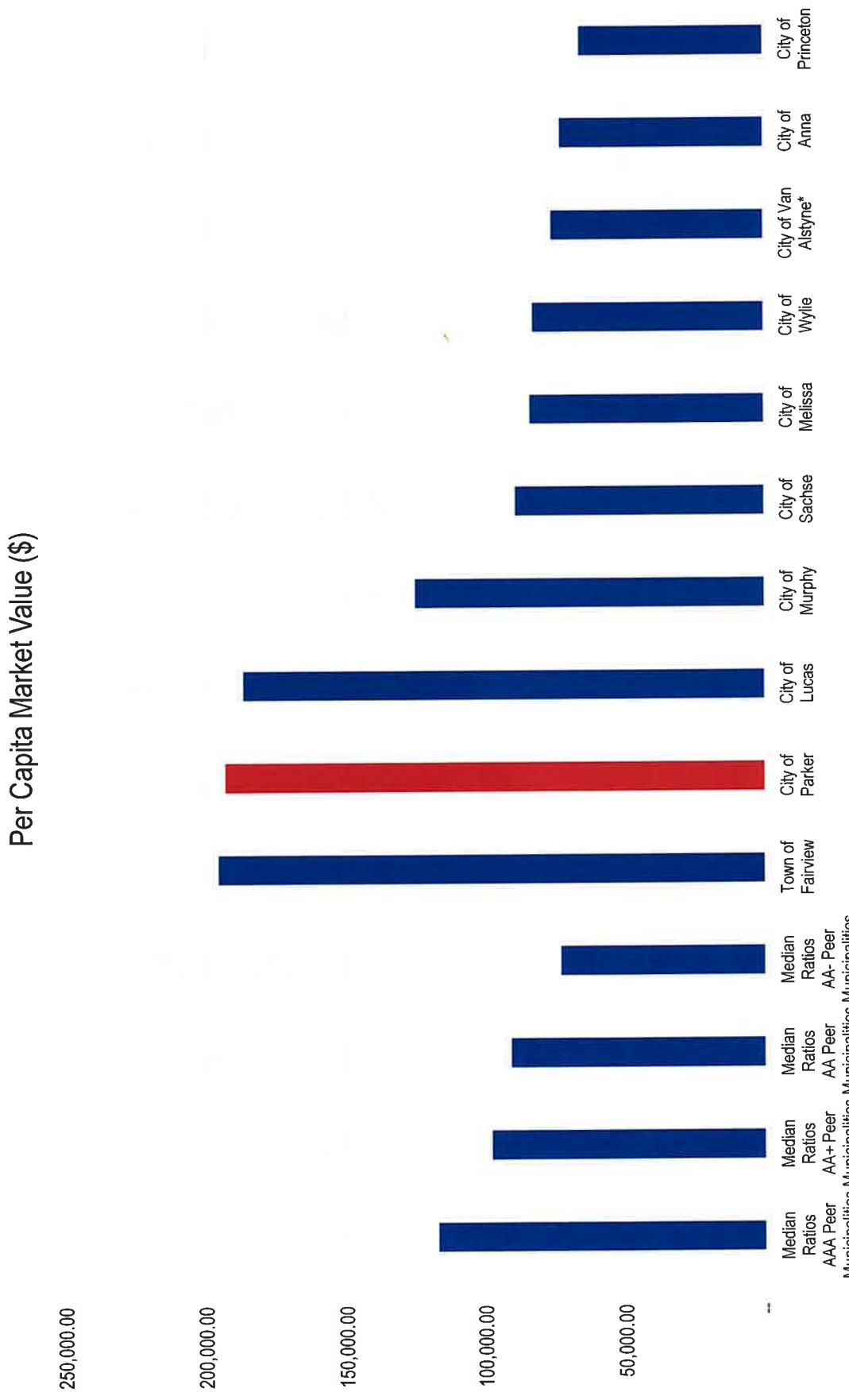
*Source: Moody's M&RA

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Comparison to State and Peer Medians – Per Capita Market Value (Wealth)

Meeting Date: 03/07/2023 Item 1.



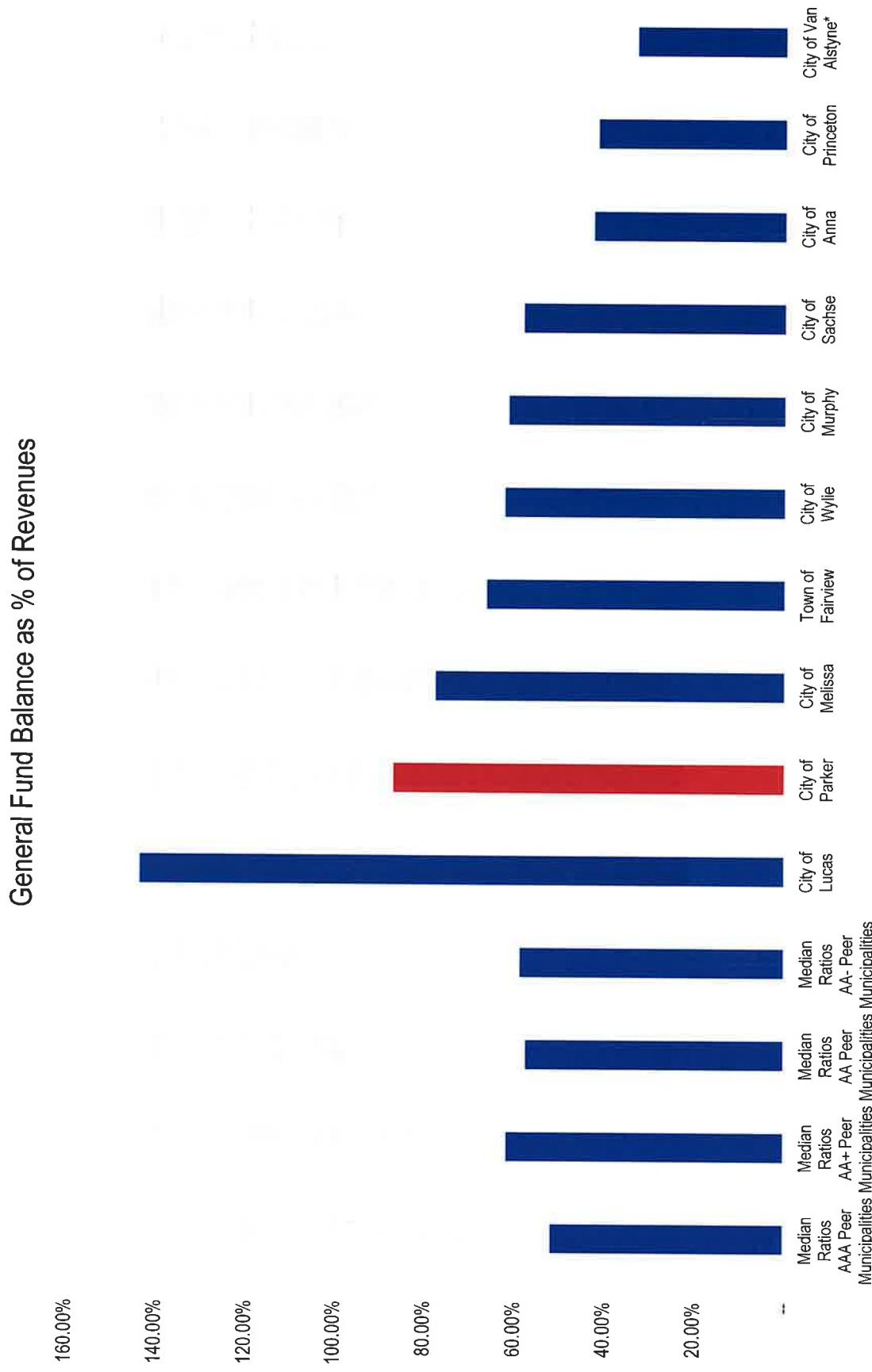
Source: S&P Capital IQ
*Source: Moody's MFRA

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10



Comparison to State and Peer Medians – General Fund Balance as % of Revenues



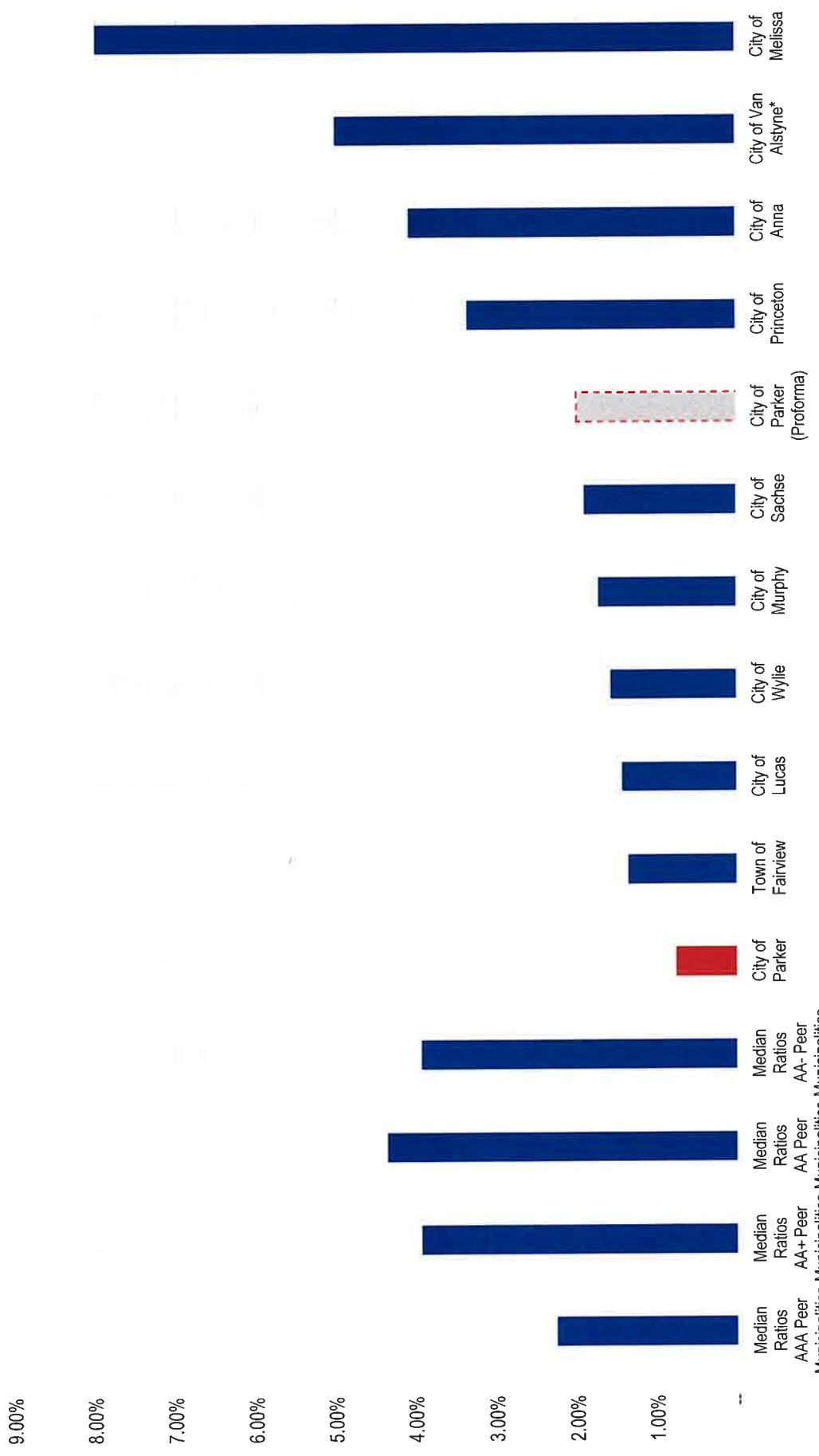
Source: S&P Capital IQ
 *Source: Moody's MFRA

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Comparison to State and Peer Medians – Direct Net Debt as % of Full Value



Direct Net Debt as % of Full Value

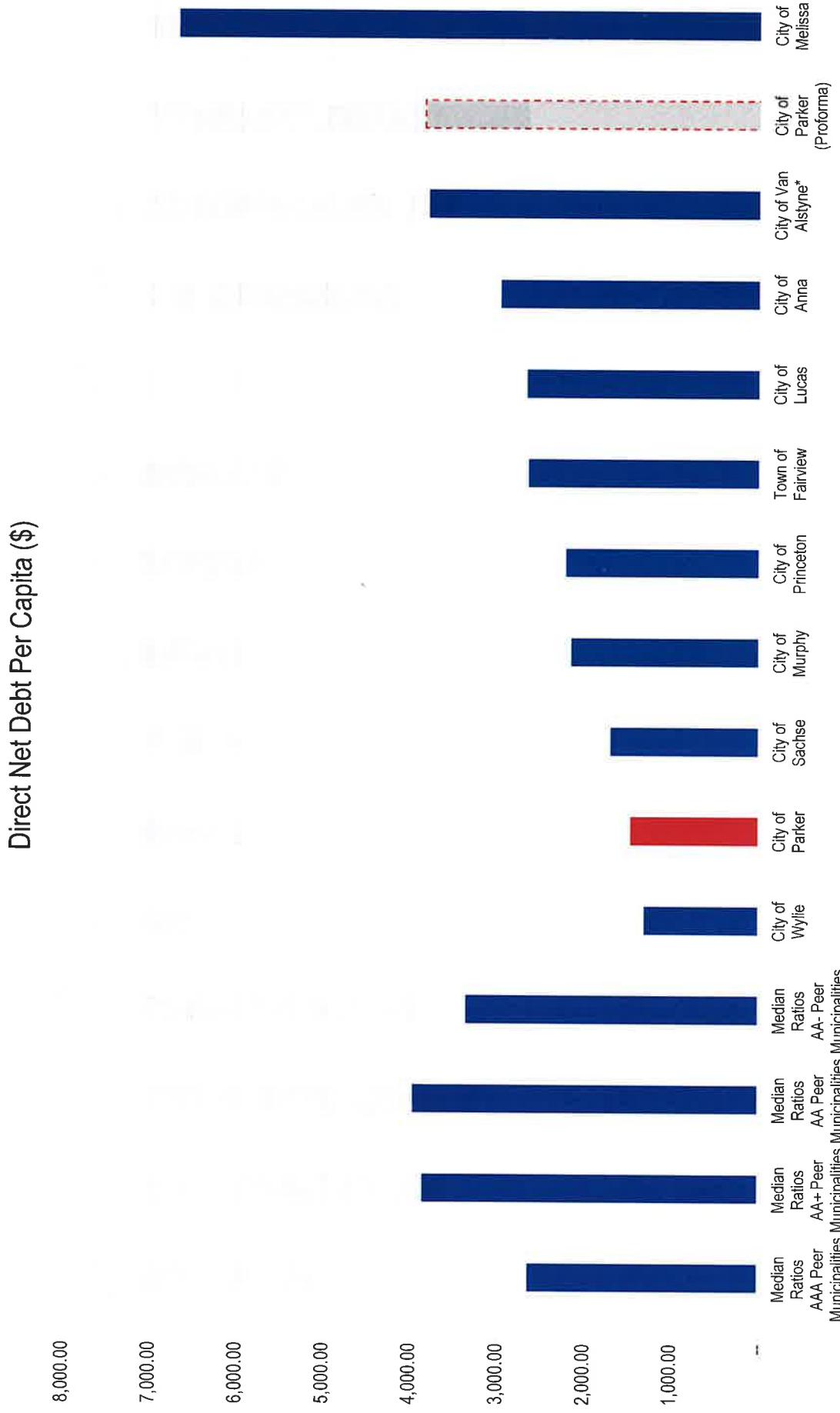


Source: S&P Capital IQ

*Source: Moody's MFRA
Proforma includes projected \$14mm in additional debt

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Comparison to State and Peer Medians – Direct Net Debt Per Capita (\$)



9

Source: S&P Capital IQ
*Source: Moody's MFRA
Proforma includes projects

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Peer Median Comparisons



| Selected Rating Metrics | | Median Ratios AAA Peer Municipalities (1) | Median Ratios AA+ Peer Municipalities (1) | Median Ratios AA Peer Municipalities (1) | Median Ratios AA- Peer Municipalities (1) | City of Parker (1) | City of Anna (1) | Town of Fairview (1) |
|--|----------------|---|---|--|---|-----------------------|---------------------|-------------------------|
| Fiscal Year | Current Rating | Most Recent | Most Recent | Most Recent | Most Recent | 2021 | 2021 | 2021 |
| Economic | | | | | | | | |
| Population | 124,543.17 | 45,624.96 | 98,846.39 | 31,335.67 | 5,833.00 | 20,243.00 | 10,583.00 | |
| Per Capita Income (2020 ACS) | 47,406.61 | 35,336.40 | 30,605.16 | 21,548.97 | 58,672.00 | 29,656.00 | 56,512.00 | |
| Per Capita Income as % of State (2020 ACS) | 147.33 | 109.82 | 95.12 | 66.97 | 182.34 | 92.17 | 175.63 | |
| Per Capita Income as % of U.S. (2020 ACS) | 133.98 | 99.87 | 86.49 | 60.90 | 165.82 | 83.81 | 159.71 | |
| Median Family Income (2020 ACS) | 94,662.61 | 75,662.83 | 66,949.61 | 47,488.79 | 177,413.00 | 77,787.00 | 92,326.00 | |
| Median Family Income as % of State (2020 ACS) | 148.31 | 118.55 | 104.89 | 74.40 | 277.96 | 121.87 | 144.65 | |
| Median Family Income as % of U.S. (2020 ACS) | 145.65 | 116.42 | 103.01 | 73.07 | 272.97 | 119.68 | 142.05 | |
| Median Home Value (2020 ACS) | 352,388.89 | 240,414.58 | 193,762.69 | 121,202.91 | 700,800.00 | 232,100.00 | 412,800.00 | |
| County Annual Unemployment Rate (BLS Data, %) | 3.45 | 3.68 | 3.91 | 4.36 | 2.80 | 2.80 | 2.80 | |
| Tax Base | | | | | | | | |
| Total Assessed Value | 14,576,620.08 | 4,461,312.44 | 8,990,180.04 | 2,673,009.81 | 1,126,853.00 | 1,479,329.00 | 2,089,319.00 | |
| Estimated Full Value | 14,576,620.08 | 4,464,479.48 | 8,990,180.04 | 2,673,009.81 | 1,126,853.00 | 1,479,329.00 | 2,089,319.00 | |
| Per Capita Market Value | 117,040.71 | 97,851.69 | 90,951.02 | 73,160.39 | 193,185.84 | 73,078.55 | 195,574.18 | |
| Issuer Tax Rate (Mills) (%) | 4.51 | 5.83 | 5.43 | 5.81 | 3.86 | 5.83 | 3.47 | |
| Top 10 Taxpayers Total Assessed Value | 1,017,955.53 | 370,972.79 | 551,288.57 | 240,661.59 | 44,825.00 | 90,918.00 | 261,076.00 | |
| Top 10 Taxpayers as a % Total Assessed Value | 6.98 | 8.32 | 6.13 | 14.01 | 3.98 | 6.15 | 12.50 | |
| Financial | | | | | | | | |
| Cash & Cash Equivalents | 27,478.58 | 14,225.73 | 16,109.45 | 10,329.00 | 2,266.00 | 6,190.00 | 6,072.00 | |
| General Fund Revenues | 120,500.67 | 42,816.04 | 94,782.63 | 30,105.86 | 5,747.00 | 15,261.00 | 9,239.00 | |
| General Fund Balance as % of Revenues | 51.83 | 61.81 | 57.52 | 58.80 | 87.30 | 42.89 | 66.49 | |
| Net General Fund Result | 5,446.58 | 2,431.98 | 4,763.28 | 1,800.83 | 925.00 | 127.00 | 156.00 | |
| Unassigned Fund Balance (GASB 54) as % of Operating Expenditures (%) | 55.12 | 67.49 | 64.43 | 58.06 | 133.60 | 50.00 | 64.10 | |
| Assigned plus Unassigned Fund Balance (GASB 54) as % of Operating Expenditures (%) | 61.11 | 71.73 | 67.67 | 62.52 | 133.57 | 49.98 | 65.09 | |
| Debt | | | | | | | | |
| Direct Debt | 329,484.14 | 175,770.50 | 392,120.28 | 105,189.41 | 8,565.00 | 60,425.00 | 28,390.00 | |
| Direct Net Debt as % of Full Value | 2.26 | 3.94 | 4.36 | 3.94 | 0.76 | 4.08 | 1.36 | |
| Direct Net Debt Per Capita (\$) | 2,645.54 | 3,852.51 | 3,966.97 | 3,356.86 | 1,468.37 | 2,984.98 | 2,657.49 | |
| Pension & OPEB | | | | | | | | |
| Pension ARC (NC + UAAL Amort) | 11,299.08 | 3,927.23 | 12,691.75 | 4,367.41 | 228.00 | 1,094.00 | 654.00 | |
| Pension PAYGO (Actual Pmt) | 11,619.86 | 3,956.44 | 12,649.90 | 3,468.29 | 228.00 | 1,094.00 | 654.00 | |
| Actuarial Value of Asset | 5,844,302.67 | 168,759.31 | 163,102.12 | 47,148.99 | 3,629.00 | 9,932.00 | 11,456.00 | |
| Actuarial Accrued Liability | 6,581,913.33 | 185,125.63 | 206,910.49 | 84,633.82 | 4,599.00 | 11,006.00 | 12,590.00 | |
| Calculated Funded Ratio | 82.77 | 83.36 | 85.28 | 84.47 | 78.90 | 90.20 | 91.00 | |

(1) Source: S&P Capital IQ
(2) Source: Moody's MFRA

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Peer Median Comparisons



| Selected Rating Metrics | City of Lucas (1) | City of Melissa (1) | City of Murphy (1) | City of Princeton (1) | City of Sachse (1) | City of Van Alstyne (2) | City of Wylie (1) |
|--|-------------------|---------------------|--------------------|-----------------------|--------------------|-------------------------|-------------------|
| Fiscal Year | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| Current Rating | AA+ | AA- | AA+ | AA- | AA+ | Aa3 | AA |
| Economic | | | | | | | |
| Population | 8,029,00 | 16,983,00 | 21,219,00 | 20,046,00 | 29,042,00 | 5,165,00 | 59,394,00 |
| Per Capita Income (2020 ACS) | 78,708,00 | 39,597,00 | 45,054,00 | 31,456,00 | 51,113,00 | 29,847,00 | 36,207,00 |
| Per Capita Income as % of State (2020 ACS) | 244.61 | 123.06 | 140.02 | 97.76 | 158.85 | 92.76 | 112.52 |
| Per Capita Income as % of U.S. (2020 ACS) | 222.44 | 111.91 | 127.33 | 88.90 | 144.45 | 84.35 | 102.33 |
| Median Family Income (2020 ACS) | 159,563,00 | 127,391,00 | 147,257,00 | 85,548,00 | 114,593,00 | 75,543,00 | 98,994,00 |
| Median Family Income as % of State (2020 ACS) | 250,00 | 199.59 | 230.72 | 134.03 | 179.54 | 118.36 | 155.10 |
| Median Family Income as % of U.S. (2020 ACS) | 245.50 | 196,00 | 226.57 | 131.62 | 176.31 | 116.23 | 152.31 |
| Median Home Value (2020 ACS) | 674,600,00 | 328,600,00 | 396,300,00 | 225,100,00 | 283,000,00 | 199,100,00 | 267,800,00 |
| County Annual Unemployment Rate (BLS Data, %) | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 3.20 | 2.90 |
| Tax Base | | | | | | | |
| Total Assessed Value | 1,498,761,00 | 1,424,697,00 | 2,650,762,00 | 1,326,387,00 | 2,589,657,00 | 393,731,92 | 4,923,647,00 |
| Estimated Full Value | 1,498,761,00 | 1,424,697,00 | 2,650,762,00 | 1,326,387,00 | 2,589,657,00 | 393,731,92 | 4,923,647,00 |
| Per Capita Market Value | 186,668.45 | 83,889.60 | 124,923.98 | 66,167.17 | 89,169.38 | 76,230.77 | 82,898.05 |
| Issuer Tax Rate (Mills) (%) | 3.00 | 6.09 | 4.95 | 6.51 | 7.20 | -- | 6.72 |
| Top 10 Taxpayers Total Assessed Value | 56,335,00 | 71,888,00 | 147,802,00 | 88,084,00 | 213,371,00 | 45,515,41 | 334,217,00 |
| Top 10 Taxpayers as a % Total Assessed Value | 3.76 | 5.05 | 5.58 | 6.64 | 8.24 | 11.56 | 6.79 |
| Financial | | | | | | | |
| Cash & Cash Equivalents | 10,204,00 | 26,874,00 | 9,962,00 | 192,00 | 7,009,00 | 8,217,54 | 34,143,00 |
| General Fund Revenues | 7,016,00 | 20,333,00 | 15,302,00 | 16,398,00 | 21,705,00 | 6,702,86 | 48,700,00 |
| General Fund Balance as % of Revenues | 143.74 | 77.85 | 61.79 | 42.01 | 58.53 | 33.35 | 62.38 |
| Net General Fund Result | (80,00) | 11,421,00 | 1,292,00 | 4,547,00 | 2,606,00 | 2,543,89 | 8,640,00 |
| Unassigned Fund Balance (GASB 54) as % of Operating Expenditures (%) | 185.50 | 24.10 | 62.10 | 54.30 | 71.30 | 49.56 | 71.70 |
| Assigned plus Unassigned Fund Balance (GASB 54) as % of Operating Expenditures (%) | 185.45 | 105.91 | 62.29 | 54.30 | 71.28 | 49.56 | 71.87 |
| Debt | | | | | | | |
| Direct Debt | 21,515,00 | 114,031,00 | 45,788,00 | 44,555,00 | 49,315,00 | 19,718,64 | 77,667,00 |
| Direct Net Debt as % of Full Value | 1.44 | 8.00 | 1.73 | 3.36 | 1.90 | 5.01 | 1.58 |
| Direct Net Debt Per Capita (\$) | 2,679,66 | 6,714,42 | 2,157,88 | 2,222,64 | 1,698,06 | 3,817,74 | 1,307,66 |
| Pension & OPEB | | | | | | | |
| Pension ARC (NC + UAAL Amort) | 363,00 | 598,00 | 1,175,00 | 714,00 | 1,581,00 | -- | 3,596,00 |
| Pension PAYGO (Actual Pmt) | 372,00 | 598,00 | 1,175,00 | 703,00 | 1,581,00 | -- | 3,596,00 |
| Actuarial Value of Asset | 5,106,00 | 5,903,00 | 25,124,00 | 9,293,00 | 35,494,00 | -- | 79,310,00 |
| Actuarial Accrued Liability | 5,670,00 | 7,294,00 | 27,685,00 | 10,115,00 | 39,876,00 | -- | 92,826,00 |
| Calculated Funded Ratio | 90.10 | 80.90 | 90.70 | 91.90 | 89.00 | -- | 85.40 |

Meeting Date: 03/07/2023 Item 1.

(1) Source: S&P Capital IQ
(2) Source: Moody's MFRA

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Council Agenda Item

| | | |
|----------------------------------|---|-------------------|
| Budget Account Code: | Meeting Date: | See above. |
| Budgeted Amount: | Department/ Requestor: | City Secretary |
| Fund Balance-before expenditure: | Prepared by: | ACA/CS Scott Grey |
| Estimated Cost: | Date Prepared: | February 27, 2023 |
| Exhibits: | <u>Proposed Minutes</u> | |

AGENDA SUBJECT

APPROVAL OF MEETING MINUTES FOR FEBRUARY 21, 2023 [COUNCIL MEETING, 6 PM].

SUMMARY

Please review the attached minutes. If you have any questions, comments, and/or corrections, please contact the City Secretary at PGrey@parkertexas.us prior to the City Council meeting.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |



MINUTES
CITY COUNCIL MEETING
FEBRUARY 21, 2023

CALL TO ORDER – Roll Call and Determination of a Quorum

The Parker City Council met in a regular meeting on the above date at Parker City Hall, 5700 E. Parker Road, Parker, Texas, 75002.

Mayor Lee Pettle called the meeting to order at 6:00 p.m. Mayor Pro Tem Michael Slaughter and Councilmembers Diana M. Abraham, Terry Lynch, Cindy Meyer and Jim Reed were present.

Staff Present: City Administrator Luke Olson, Asst. City Administrator/City Secretary Patti Scott Grey, Finance/Human Resources Director Grant Savage (arrived at 6:38 p.m.), Interim City Attorney Catherine Clifton, Public Works Director Gary Machado (arrived at 6:38 p.m.), Fire Chief Mike Sheff, and Assistant Police Chief Kenneth Price

EXECUTIVE SESSION - Pursuant to the provisions of Chapter 551, Texas Government Code, Vernon's Texas Codes Annotated the City Council may hold a closed meeting.

RECESS TO CLOSED EXECUTIVE SESSION IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN:

Government Code Section 551.074 Personnel—To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Government Code Section 551.071(1)—Consultation with City Attorney concerning Pending or Contemplated Litigation.

Government Code Section 551.071(2) – Consultation with Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter (Open Meetings Act).

Mayor Lee Pettle recessed the regular meeting to Executive Session at 6:01 p.m.

RECONVENE REGULAR MEETING.

Mayor Lee Pettle reconvened the meeting at 7:09 p.m.

ANY APPROPRIATE DELIBERATION AND/OR ACTION ON ANY OF THE EXECUTIVE SESSION SUBJECTS LISTED ABOVE.

No action was taken.

PLEDGE OF ALLEGIANCE

AMERICAN PLEDGE: Preston Walhood led the pledge.

TEXAS PLEDGE: Sharon MacDuff led the pledge.

PUBLIC COMMENTS The City Council invites any person with business before the Council to speak. No formal action may be taken on these items at this meeting. Please keep comments to 3 minutes.

Sharon MacDuff, 4313 Sycamore Lane, said the maps on the City's website are from 2015. Ms. MacDuff asked that the maps be updated.

Ed Standridge, 3607 Hogge Drive, said he wanted to compliment the Mayor, Council, and Staff on progress made at the last Council meeting regarding the BOND and Municipal Complex. Mr. Standridge also said it is rude and unacceptable for the Mayor and/or Councilmembers to text during Council meetings. Mr. Standridge encouraged Mayor and/or Council to stop texting and viewing emails and listen to all residents' comments.

ITEMS OF COMMUNITY INTEREST

Mayor Pettle reviewed the following items:

PARKS AND RECREATION COMMISSION (P&R) – WEDNESDAY, MARCH 8, 2023, 5 PM

THURSDAY, APRIL 6, 2023 - LAST DAY TO REGISTER TO VOTE FOR THE MAY 6, 2023, GENERAL ELECTION ([IMPORTANT 2023 ELECTION DATES](#))

CANDIDATES NIGHT – THURSDAY, APRIL 13, 2023, 7 PM – VICTORY CHURCH – 6301 E. PARKER ROAD

NATIONAL PRESCRIPTION DRUG TAKE BACK - SATURDAY, APRIL 22, 2023, 10AM-2PM

REMINDER – MAY 6, 2023 – GENERAL ELECTION (EV AND ED INFO)

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Apr 23 | Apr 24 Early Voting 8am to 5pm | Apr 25 Early Voting 8am to 5pm | Apr 26 Early Voting 8am to 5pm | Apr 27 Early Voting 8am to 5pm | Apr. 28 Early Voting 8am to 5pm | Apr. 29 Early Voting 8am to 5pm |
| Apr 30 | May 1 Early Voting 7am to 7pm | May 2 Early Voting 7am to 7pm | May 3 | May 4 | May 5 | May 6 Election Day 7am to 7pm |

CONSENT AGENDA Routine Council business. Consent Agenda is approved by a single majority vote. Items may be removed for open discussion by a request from a Councilmember or member of staff.

1. APPROVAL OF MEETING MINUTES FOR JANUARY 11, 2023 [MUNICIPAL COMPLEX WORKSHOP, 5:30 PM – 7:30 PM]. *{Removed from the February 7, 2023 CC Meeting agenda for changes/discrepancies.}*
2. APPROVAL OF MEETING MINUTES FOR FEBRUARY 7, 2023 [COUNCIL MEETING, 6 PM].

MOTION: Councilmember Abraham moved to approve consent agenda items 1 and 2 as presented. Councilmember Meyer seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

INDIVIDUAL CONSIDERATION ITEMS

3. TEMPORARY MORATORIUM EXTENSION:

PUBLIC HEARING REGARDING EXTENSION OF THE TEMPORARY MORATORIUM ON THE ACCEPTANCE, REVIEW, AND APPROVALS NECESSARY FOR THE SUBDIVISION, SITE PLANNING, DEVELOPMENT, OR CONSTRUCTION WITHIN THE CITY LIMITS AND EXTRATERRITORIAL JURISDICTION OF THE CITY OF PARKER.

Mayor Pettle opened a public hearing regarding the extension of the temporary moratorium at 7:16 p.m.

City Engineer Andrew Mata, Jr. P.E., of Birkhoff, Hendricks & Carter, LLP, greeted the Mayor and Council and stated City Engineer John Birkhoff could not be here for tonight's meeting. Mr. Mata reviewed the City of Parker's current water supply and demand. With reference to his letter included in tonight's Council packet, dated February 17, 2023, to City Administrator Luke Olson, Mr. Mata indicated after the engineering firm's February 2022 evaluation there was "no change in their recommendation that no additional lots be approved for development until a contract with North Texas Municipal Water District (NTMWD) is executed." In fact, "based on the summer of 2022 records, Birkhoff, Hendricks & Carter, LLP, recommend no additional lots be approved for development until a contract with NTMWD is executed to supply water to the Central Pump Station. Further, we recommend the city develop water management controls that would be incorporated in a water management plan along with an educational component to the citizens. Until a new contract is executed with the NTMWD hot dry summers will stress the distribution system beyond its capacity. Water management controls will need to be implemented to minimize the impacts of demand being greater than supply." Therefore, Birkhoff, Hendricks & Carter, LLP recommend extending the temporary moratorium.

Mayor Pettle asked if anyone in the audience had comments.

No one came forward.

Mayor Pettle declared the public hearing closed at 7:19 p.m.

CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ORDINANCE NO. 839 EXTENDING THE TEMPORARY MORATORIUM ENACTED BY ORDINANCE NO.'S 833, 824, 815 & 812 ON THE ACCEPTANCE, REVIEW, AND APPROVALS NECESSARY FOR THE SUBDIVISION, SITE PLANNING, DEVELOPMENT, OR CONSTRUCTION WITHIN THE CITY LIMITS AND EXTRATERRITORIAL JURISDICTION OF THE CITY OF PARKER.

Ordinance No. 839 caption was read.

MOTION: Mayor Pro Tem Slaughter moved to approve Ordinance No. 839 extending the temporary moratorium enacted by Ordinance No.'s 833, 824, 815 and 812 on the acceptance, review, and approvals necessary for the subdivision, site planning, development, or construction within the city limits and extraterritorial jurisdiction of the City of Parker. Councilmember Reed seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

4. CONSIDERATION AND/OR ANY APPROPRIATE ACTION, ACCEPTING THE 2022 RACIAL PROFILING REPORT AND THE 2022 PARKER PD ANNUAL REPORT.

Asst. Police Chief Price reviewed the 2022 Racial Profiling Report.

MOTION: Councilmember Lynch moved to accept the 2022 Racial Profiling Report as presented. Councilmember Reed seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

Asst. Police Chief Price reviewed the 2022 Parker PD Annual Report.

MOTION: Councilmember Abraham moved to accept the 2022 Parker PD Annual Report as presented. Mayor Pro Tem Slaughter seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

5. PRESENTATION AND DISCUSSION ON A CONTEMPLATED DONATION(S) TO THE PARKER POLICE DEPARTMENT FROM THE BERKSHIRE FECHT QUAIL CONSERVANCY, AND THE FECHT FAMILY.

Todd Fecht, 7234 Moss Ridge Road, spoke regarding a future donation to the City from the Berkshire Fecht Quail Conservancy, and the Fecht family. The donation would benefit the Police Department and establish a “Top Cop” competition. The competition would be held annually to build skills and comradery. A plaque would be created and presented for display. Mr. Fecht and Assistant Police Chief Price indicated some of the details of the plaque and the donation were being reviewed by legal counsel so, as details are known, they will be brought back to Council for final review.

Mayor Pettle, on behalf of herself, City Council, and City Staff, thanked the Berkshire Fecht Quail Conservancy, and the Fecht family, for their kind and generous donation.

6. CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON KING'S CROSSING PHASE 5 PRELIMINARY PLAT.

Developer/Vice President of Warner Group, Inc. Preston Walhood, Director of Residential Development at Engineering Concepts and Design, L.P. Ryan King and Public Works Director Machado reviewed the preliminary plat, stating King's Crossing Phase 5 Preliminary Plat, 36 Residential Lots, 2 Common Area Lots; being 49.583 acres situated in the Ann S. Hurt Survey, Abstract No. 428, City of Parker, Collin County, Texas, was recommended for approval February 9, 2023 by the Parker Planning and Zoning (P&Z) Commission, 5-0. Per Justin R. Ivy, P.E. of Birkhoff, Hendricks & Carter, LLP's, letter, dated February 7, 2023, “review of the Engineering Plans is for general compliance with the City of Parker's development requirements and good engineering practice and does not relieve the engineer of record of their responsibilities under the Texas Engineering Practice Act.”

Council questioned drainage and lot size.

After discussion, Mr. Walhood requested approval/acceptance of King's Crossing Phase 5 Preliminary Plat.

MOTION: Councilmember Reed moved to approve King's Crossing Phase 5 Preliminary Plat. Councilmember Lynch seconded with Councilmembers Abraham, Lynch, Meyer, Reed, and Slaughter voting for the motion. Motion carried 5-0.

ROUTINE ITEMS

7. UPDATE(S):

FM 2551

City Administrator Luke Olson and Director of Public Works Gary Machado said the Parker Village drive is being repaired and should be completed soon. Curtis Road is

also being completed. North Texas Municipal Water District (NTMWD) is still cleaning up their area and Texas Department of Transportation (TxDot) is waiting on information from the City of Parker and other contractors. Mr. Olson noted again, he would continue to update the City's website as information becomes available.

MONTHLY/QUARTERLY REPORTS

Council accepted the departmental and quarterly reports hyperlinked below:

- [January 2023 - Building Permit/Code Report](#)
- [January 2023 – Court Report](#)
- [January 2023 – Finance \(monthly financials\) Report](#)
- [Investment 4th Qtr. Report 2022](#)
- [January 2023 – Police Report](#)
- [January 2023 – Website \(PIWIK\) Report](#)

DONATION(S)

8. ACCEPTANCE OF DONATION(S) FOR POLICE, FIRE, AND CITY STAFF FOR THE RECORD (Each valued at between \$0 - \$500).

Jerry Dorough donated \$100 cash to the Parker Fire Department.

Yingyan Katherine Li donated assorted chips, a 12 pk Green Tea and a 12 pk of Strawberries and Cream Dr. Pepper valued at approximately \$36.00 to the Parker Police Department.

Alyssa Aguilar donated chips and Gatorade valued at approximately \$30.00.

Mayor Pettle, on behalf of herself, City Council, and City Staff, thanked the above listed donors for their kind and generous donations.

FUTURE AGENDA ITEMS

9. FUTURE AGENDA ITEMS

Mayor Pettle asked if there were any items to be added to the future agenda.

Mayor Pro Tem Slaughter asked Mayor Pettle and Council to consider having a developer/builder/staff workshop with residents to discuss various issues.

Hearing no additional requests, Mayor Pettle encouraged everyone to email her requests. The Mayor also noted the next regularly scheduled meeting would be Tuesday, March 7, 2023.

WORKSHOP

10. WATER RATE

Willdan Vice President Dan V. Jackson and Willdan Senior Analyst Dennis Goral reviewed their PowerPoint, 2022 Water & Wastewater Rate Study from December 14, 2022 Water Rate Study workshop and responded to questions once again. There was discussion of addition information and scenarios. Once the required information is available, the item will be brought back to Council to determine water and wastewater rates.

ADJOURN

Mayor Lee Pettle adjourned the meeting at 9:13 p.m.

APPROVED:

Mayor Lee Pettle

Approved on the 7th day
of March, 2023.

Patti Scott Grey, City Secretary

PROPOSED



Council Agenda Item

| | |
|-------------------------------------|--|
| Budget Account Code: | Meeting Date: See above. |
| Budgeted Amount: | Department/ Requestor: Council |
| Fund Balance-before expenditure: | Prepared by: ACA/CS Scott Grey for City Administrator Luke Olson |
| Estimated Cost: | Date Prepared: February 27, 2023 |
| Exhibits: | <ol style="list-style-type: none"> 1. <u>Proposed Resolution</u> 2. <u>Res. No. 2022-721 - 2022 P&R Appointments</u> |

AGENDA SUBJECT

CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-728 APPOINTING PARKS AND RECREATION (P&R) COMMISSION OFFICERS.

SUMMARY

Appointment of Officers

On January 11, 2023, P&R discussed and decided to recommend as officers: Frank DaCosta as the P&R Chair position; Lee Ann Turrentine as the P&R Vice Chair position; Pier Burgess as the P&R Secretary position and Donna DaCosta as the Treasurer position. Council will appoint Officers of the Parks and Recreation Commission via the proposed Resolution.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|----------------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode Software |
| City Administrator | <i>Luke B. Olson</i> | Date: | 03/03/2023 |

RESOLUTION NO. 2023-728
(2023 Parks and Rec Officer Appointments)

A RESOLUTION OF THE CITY OF PARKER, COLLIN COUNTY, TEXAS, APPOINTING PARKS AND RECREATION COMMISSION OFFICERS FROM AMONG THE MEMBERS.

WHEREAS, Members of the Parks and Recreation Commission serve in staggered two-year terms, commencing December 1st and ending on November 30th as set forth in Section 97.05(A)(1); and

WHEREAS, the Parks and Recreation Commission recommended that member Frank DaCosta serve as the Parks and Recreation Commission Chair; and

WHEREAS, the Parks and Recreation Commission recommended that member Lee Anne Turrentine serve as the Parks and Recreation Commission Vice Chair; and

WHEREAS, the Parks and Recreation Commission recommended that member Pier Burgess serve as the Parks and Recreation Commission Secretary; and

WHEREAS, the Parks and Recreation Commission recommended that member Donna DaCosta serve as the Parks and Recreation Commission Treasurer;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF PARKER, COLLIN COUNTY, TEXAS AS FOLLOWS:

SECTION 1. Appointment of Officers with terms expiring November 30, 2023

The officers of the Park and Recreation Commission shall include a Chairperson, Vice-chairperson, Secretary, and Treasurer. The following people are hereby appointed to serve as the respective officer indicated below for a one-year term, expiring November 30, 2023, unless otherwise designated by Council:

| | |
|------------------|--------------------|
| Chairperson | Frank DaCosta |
| Vice-Chairperson | Lee Ann Turrentine |
| Secretary | Pier Burgess |
| Treasurer | Donna DaCosta |

SECTION 2. Effective Date

This resolution shall be effective upon its passage.

PASSED AND APPROVED by the City Council of the City of Parker, Collin County, Texas on this the 7th day of March, 2023.

CITY OF PARKER:

Lee Pettle, Mayor

ATTEST:

Patti Scott Grey, City Secretary

APPROVED AS TO FORM:

Catherine Clifton, Interim City Attorney

Proposed

RESOLUTION NO. 2022-721
(2022 Parks and Rec Appointments)

A RESOLUTION OF THE CITY OF PARKER, COLLIN COUNTY, TEXAS, APPOINTING MEMBERS TO SERVE ON THE PARKS AND RECREATION COMMISSION

WHEREAS, Members of the Parks and Recreation Commission serve in staggered two-year terms, commencing December 1st and ending on November 30th as set forth in Section 97.05(A)(1); and

WHEREAS, Alternate Members of the Parks and Recreation Commission serve one-year terms commencing on December 1st and ending on November 30th, as set forth in Section 97.05(B) of the City of Parker Code of Ordinances; and

WHEREAS, Member for Place Five (5), Cherie Ware, has submitted a resignation for her current term and requested to be appointed as an Alternate Member;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF PARKER, COLLIN COUNTY, TEXAS AS FOLLOWS:

SECTION 1. Appointment of Voting Members with terms expiring November 30, 2024:

The following are hereby appointed to serve on the Parks and Recreation Commission as voting Members for the two-year term, beginning December 1, 2022 and expiring November 30, 2024, or until their successors are appointed and qualified.

Place 2 Pier Burgess
Place 4 Frank DaCosta

SECTION 2. Acceptance of Resignation and Appointment to Fill Remainder of Term expiring November 30, 2023:

The resignation of Cherie Ware for Place 5 is hereby accepted, and the following is hereby appointed to serve on the Parks and Recreation Commission as a voting Member for the remainder of the two-year term, expiring November 30, 2023, or until a successor is appointed and qualified.

Place 5: Donna DaCosta

SECTION 3. Appointment of Alternate Members with terms expiring November 30, 2023:

The following are hereby appointed to serve on the Parks and Recreation Commission as Alternate Members for a one-year term, expiring November 30, 2023, or until their successors are appointed and qualified.

| | |
|-------|-------------------------------|
| Alt 1 | <u>Cherie Ware</u> |
| Alt 2 | <u>Melanie Harris</u> |
| Alt 3 | <u>Paula Johnston - Hutka</u> |
| Alt 4 | <u>Cyndy Lane</u> |

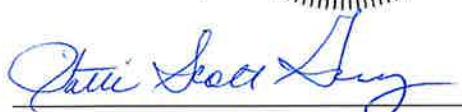
SECTION 4. Effective Date

This resolution shall be effective upon its passage.

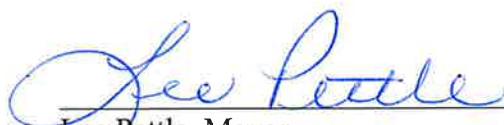
PASSED AND APPROVED by the City Council of the City of Parker, Collin County, Texas on this the 15th day of November, 2022.



ATTEST:


Patti Scott Grey, City Secretary

CITY OF PARKER:


Lee Pettle, Mayor

APPROVED AS TO FORM:


Larence M. Lansford, III, City Attorney



Council Agenda Item

| | |
|-------------------------------------|--|
| Budget Account Code: | Meeting Date: See above. |
| Budgeted Amount: | Department/ Requestor: Council |
| Fund Balance-before expenditure: | Prepared by: ACA/CS Scott Grey for City Administrator Luke Olson |
| Estimated Cost: | Date Prepared: February 27, 2023 |
| Exhibits: | <ol style="list-style-type: none"> 1. <u>Proposed Resolution</u> 2. <u>Res. No. 2022-720 - 2022 ZBA Appointments</u> |

AGENDA SUBJECT

CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-729 APPOINTING ZONING BOARD OF ADJUSTMENT (ZBA) OFFICERS.

SUMMARY

Appointment of Officers

On February 20, 2023, ZBA discussed and decided to recommend as officers: Andrew Ellison as the ZBA Chair position and Steve Schoenekase as the ZBA Vice Chair position. Council will appoint Officers of the Zoning Board of Adjustment (ZBA) via the proposed Resolution.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|----------------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode Software |
| City Administrator | <i>Luke B. Olson</i> | Date: | 03/03/2023 |

RESOLUTION NO. 2023-729

(2023 Zoning Board of Adjustment Appointments)

A RESOLUTION OF THE CITY OF PARKER, COLLIN COUNTY, TEXAS, APPOINTING ZONING BOARD OF ADJUSTMENT OFFICERS FROM AMONG THE MEMBERS

WHEREAS, Members and Alternate Members of the Zoning Board of Adjustment serve in staggered two-year terms, commencing December 1st and ending on November 30th as set forth in Section 156.67(B)(1) of the City of Parker Code of Ordinances; and

WHEREAS, the Zoning Board of Adjustment recommended that member Andrew Ellison serve as the Zoning Board of Adjustment Chair; and

WHEREAS, the Zoning Board of Adjustment recommended that member Steve Schoenekase serve as the Zoning Board of Adjustment Vice Chair;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF PARKER, COLLIN COUNTY, TEXAS AS FOLLOWS:

SECTION 1. Appointment of Officers with terms expiring November 30, 2023

The officers of the Zoning Board of Adjustment shall include a Chairperson and Vice-chairperson. The following people are hereby appointed to serve as the respective officer indicated below for a one-year term, expiring November 30, 2023, unless otherwise designated by Council:

| | |
|-------------|-------------------|
| Chairperson | Andrew Ellison |
| Place 4 | Steve Schoenekase |

SECTION 2. Effective Date

This resolution shall be effective upon its passage.

PASSED AND APPROVED by the City Council of the City of Parker, Collin County, Texas on this the 7th day of March, 2023.

CITY OF PARKER:

Lee Pettle, Mayor

ATTEST:

Patti Scott Grey, City Secretary

APPROVED AS TO FORM:

Catherine Clifton, Interim City Attorney

RESOLUTION NO. 2022-720
(2022 Zoning Board of Adjustment Appointments)

A RESOLUTION OF THE CITY OF PARKER, COLLIN COUNTY, TEXAS, APPOINTING MEMBERS AND ALTERNATE MEMBERS TO SERVE ON THE ZONING BOARD OF ADJUSTMENT

WHEREAS, Members and Alternate Members of the Zoning Board of Adjustment serve in staggered two-year terms, commencing December 1st and ending on November 30th as set forth in Section 156.67(B)(1) of the City of Parker Code of Ordinances;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF PARKER, COLLIN COUNTY, TEXAS AS FOLLOWS:

SECTION 1. Appointment of Voting Members with terms expiring November 30, 2024

The following are hereby appointed to serve on the Zoning Board of Adjustment as voting Members for a two-year term, beginning December 1, 2022 and expiring November 30, 2024, or until their successors are appointed and qualified:

| | |
|---------|---------------------|
| Place 2 | <u>Randy Kercho</u> |
| Place 4 | <u>Don Dickson</u> |

SECTION 2. Appointment of Alternate Members with terms expiring November 30, 2024

The following are hereby appointed to serve on the Zoning Board of Adjustment as Alternate Members for a two-year term, beginning December 1, 2022 and expiring November 30, 2024, or until their successors are appointed and qualified:

| | |
|-------------|-----------------------|
| Alternate 1 | <u>Lucy Estabrook</u> |
| Alternate 2 | <u>Vacant</u> |

SECTION 3. Appointment of Officers

Officers shall be appointed by the Zoning Board of Adjustment following the installation of the newly appointed Members and Alternate Members in accordance with Resolution No. 2021-658. Resolution No. 2021-683 is repealed only to the extent that it is inconsistent with this section. The remainder of Resolution No. 2021-683 shall remain in full force and effect.

SECTION 4 Effective Date

This resolution shall be effective upon its passage.

PASSED AND APPROVED by the City Council of the City of Parker, Collin County, Texas on this the 15th day of November, 2022.



CITY OF PARKER:


Lee Pettle, Mayor

ATTEST:



Patti Scott Grey, City Secretary

APPROVED AS TO FORM:



Larence M. Lansford, III, City Attorney



Council Agenda Item

| | | |
|----------------------------------|---|--|
| Budget Account Code: | | Meeting Date: See above. |
| Budgeted Amount: | | Department/ Requestor: Council & Staff |
| Fund Balance-before expenditure: | | Prepared by: City Secretary Scott Grey for City Administrator Olson |
| Estimated Cost: | | Date Prepared: February 27, 2023 |
| Exhibits: | 1. Proposed Resolution 2. Model Staff Report | |

AGENDA SUBJECT

CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON RESOLUTION NO. 2023-730 AUTHORIZING CONTINUED PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; AND AUTHORIZING THE PAYMENT OF FIVE CENTS PER CAPITA TO THE ATMOS CITIES STEERING COMMITTEE TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ATMOS ENERGY CORPORATION.

SUMMARY

This resolution would authorize our continued participation with the Atmos Cities Steering Committee (ACSC) to protect the interests of the City of Parker and payment of the City's assessment to the ACSC in the amount of five cents (\$0.05) per capita.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |

RESOLUTION NO. 2023-730
(*ATMOS Cities Steering Committee*)

A RESOLUTION AUTHORIZING CONTINUED PARTICIPATION WITH THE ATMOS CITIES STEERING COMMITTEE; AND AUTHORIZING THE PAYMENT OF FIVE CENTS PER CAPITA TO THE ATMOS CITIES STEERING COMMITTEE TO FUND REGULATORY AND RELATED ACTIVITIES RELATED TO ATMOS ENERGY CORPORATION.

WHEREAS, the City of Parker, Texas is a regulatory authority under the Gas Utility Regulatory Act (GURA) and has exclusive original jurisdiction over the rates and services of Atmos Energy Corporation, Mid-Tex Division (Atmos) within the municipal boundaries of the city; and

WHEREAS, the Atmos Cities Steering Committee (ACSC) has historically intervened in Atmos rate proceedings and gas utility related rulemakings to protect the interests of municipalities and gas customers residing within municipal boundaries; and

WHEREAS, ACSC is participating in Railroad Commission dockets and projects, as well as court proceedings and legislative activities, affecting gas utility rates; and

WHEREAS, the City is a member of ACSC; and

WHEREAS, in order for ACSC to continue its participation in these activities which affects the provision of gas utility service and the rates to be charged, it must assess its members for such costs; **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PARKER, TEXAS:

I.

That the City is authorized to continue its membership with the Atmos Cities Steering Committee to protect the interests of the City of Parker, Texas, and protect the interests of the customers of Atmos Energy Corporation, Mid-Tex Division residing and conducting business within the City limits.

II.

The City is further authorized to pay its 2023 assessment to the ACSC in the amount of five cents (\$0.05) per capita.

III.

A copy of this Resolution and approved assessment fee payable to “*Atmos Cities Steering Committee*” shall be sent to:

Brandi Stigler
Atmos Cities Steering Committee
c/o Arlington City Attorney’s Office, Mail Stop 63-0300
101 S. Mesquite St., Suite 300
Arlington, Texas 76010

PRESENTED AND PASSED on this the 7th day of March, 2023, by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the City of Parker, Texas.

Lee Pettle, Mayor

ATTEST:

Patti Scott Grey, City Secretary

APPROVED AS TO LEGAL FORM:

Catherine Clifton, Interim City Attorney

STAFF REPORT ON ASSESSMENT RESOLUTION FOR ATMOS CITIES STEERING COMMITTEE

Purpose of the Resolution:

Most municipalities have retained original jurisdiction over gas utility rates and services within municipal limits. The Atmos Cities Steering Committee (“ACSC”) is composed of 184 municipalities in the service area of Atmos Energy Corporation, Mid-Tex Division that have retained original jurisdiction. Atmos is a monopoly provider of natural gas. Because Atmos has no competitors, regulation of the rates that it charges its customers is the only way that cities can ensure that natural gas rates are fair. Working as a coalition to review the rates charged by Atmos allows cities to accomplish more collectively than each city could do acting alone. Cities have more than 100 years experience in regulating natural gas rates in Texas.

ACSC is the largest coalition of cities served by Atmos Mid-Tex. There are 184 ACSC member cities, which represent more than 60 percent of the total load served by Atmos-Mid Tex. ACSC protects the authority of municipalities over the monopoly natural gas provider and defends the interests of residential and small commercial customers within the cities. Although many of the activities undertaken by ACSC are connected to rate cases (and therefore expenses are reimbursed by the utility), ACSC also undertakes additional activities on behalf of municipalities for which it needs funding support from its members.

The ACSC Membership Assessment Supports Important Activities:

ACSC is actively involved in rate cases, appeals, rulemakings, and legislative efforts impacting the rates charged by Atmos within the City. These activities will continue throughout the calendar year. It is possible that additional efforts will be necessary on new issues that arise during the year, and it is important that ACSC be able to fund its participation on behalf of its member cities. A per capita assessment has historically been used, and is a fair method for the members to bear the burdens associated with the benefits received from that membership.

Explanation of Resolution Paragraphs:

- I. This paragraph authorizes the continuation of the City’s membership in ACSC.
- II. This paragraph authorizes payment of the City’s assessment to the ACSC in the amount of five cents (\$0.05) per capita.
- III. This paragraph requires notification that the City has adopted the Resolution.

Payment of Assessment

The assessment payment check should be made out to “*Atmos Cities Steering Committee*” and mailed to Brandi Stigler, Atmos Cities Steering Committee, c/o Arlington City Attorney’s Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010.



Council Agenda Item

| | | |
|----------------------------------|--|---|
| Budget Account Code: | | Meeting Date: See above. |
| Budgeted Amount: | | Department/ Requestor: Finance |
| Fund Balance-before expenditure: | Prepared by: | ACA/CS Scott Grey for Finance/HR Manager Grant Savage |
| Estimated Cost: | Date Prepared: | February 27, 2023 |
| Exhibits: | 1. <u>Annual Financial Report – Year Ended September 30, 2022</u> 2. <u>Management Recommendations Letter</u> 3. <u>Required Governance Communication</u> 4. <u>PowerPoint Presentation</u> | |

AGENDA SUBJECT

CONSIDERATION AND/OR ANY APPROPRIATE ACTION ON ANNUAL AUDIT REPORT.

SUMMARY

Please review the attached Annual Financial Report – Year Ended September 30, 2022. If you have any questions, comments, and/or concerns, please contact the Finance Manager Grant Savage at gsavage@parkertexas.us prior to the City Council meeting.

Vail & Park, P.C. will present the final audit results to Council.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|----------------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Grant Savage</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode Software |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |

ANNUAL FINANCIAL REPORT

of the

City of Parker, Texas

For the Year Ended September 30, 2022

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City of Parker, Texas

Annual Financial Report

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor & City Council
 City of Parker, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, 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 of Parker, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, 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 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed on the table of contents on pages 7-15 and 61-66, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Parker, Texas's basic financial statements. The nonmajor governmental funds combining statements on pages 68-75 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 nonmajor governmental funds combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vail + Park, P.C.

Vail & Park, P.C.
Tom Bean, Texas
March 7, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Parker, Texas

Management's Discussion and Analysis

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

As management of the City of Parker, 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 is \$62,694,255 at September 30, 2022. Of this, \$11,597,770 (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 \$8,471,130, an increase of \$1,701,570.
- As of the end of the year, the unassigned fund balance of the General fund was \$5,534,942 or 144% of total General fund expenditures.
- The City had an overall increase in net position of \$2,860,573, which is primarily due to business- type activities revenue exceeding the current year expenses.
- The City budgeted a deficit to fund balance for the general fund of \$121,152 for the year. The actual activity resulted in an increase in the fund balance for the General fund of \$494,613. This resulted in a positive overall variance between budget to actual of \$615,765.

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 financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

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

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).

Both 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, public works, and culture and recreation. The business-type activities of the City include water, sewer and sanitation operations.

City of Parker, Texas

Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Parker Volunteer Fire Department for which the City is financially accountable. Although legally separate, the Fire Department functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 18 through 21 of this report.

FUND FINANCIAL STATEMENTS

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

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 Parker maintains fourteen 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 and debt service funds, which are considered major funds.

The City of Parker adopts an annual appropriated budget for its general, debt service, capital projects, and utility 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 which is considered an enterprise 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, water construction operations and sanitation services. The proprietary fund financial statements provide separate information for the water distribution, wastewater collection/treatment fund, and sanitation funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

City of Parker, Texas

Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of changes in net pension and total OPEB liability, and related ratios for Texas Municipal Retirement System. The RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Parker, assets and deferred outflows exceeded liabilities and deferred inflow by \$62,694,255 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$47,904,172, 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.

Current and other assets of Governmental Activities as of September 30, 2022, and September 30, 2021 were \$10,117,700 and \$7,853,806, respectively. The increase of \$2,263,894 was primarily due to greater cash on hand resulting from greater than anticipated governmental revenues and \$918,652 in capital contributions. Capital and right to use assets of Governmental Activities as of September 30, 2022 and September 30, 2021 were \$32,207,815 and \$33,814,187, respectively. The decrease of \$1,606,372, was primarily attributable to current year depreciation exceeding new capital investments and asset disposals. Long-term liabilities of Governmental Activities as of September 30, 2022 and September 30, 2021 were \$1,574,641 and \$2,175,949, respectively. The decrease of \$601,308 is primarily due to principal payments made during the current year, as required.

Current and other assets of Business-Type Activities as of September 30, 2022 and September 30, 2021 were \$8,386,431 and \$8,373,199, respectively. The slight increase of \$13,232 was due to increased utility billing revenue collected in fiscal year 2022. Other liabilities of Business- Type Activities as of September 30, 2022 and September 30, 2021 were \$854,168 and \$774,834, respectively. The increase of \$79,334 was a result of timing of payments to third party vendors in the subsequent fiscal year. Long-term liabilities of Business-Type Activities as of September 30, 2022 and September 30, 2021 were \$6,902,940 and \$7,683,359, respectively. The decrease of \$780,419 is primarily due to principal payments made during the current year, as required.

City of Parker, Texas

Management's Discussion and Analysis (Continued)
September 30, 2022

Meeting Date: 03/07/2023 Item 6.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

| | 2022 | | | 2021 | | |
|---------------------------------------|-----------------------|--------------------------|----------------------|-----------------------|--------------------------|----------------------|
| | Government Activities | Business-type Activities | Total | Government Activities | Business-type Activities | Total |
| Assets | | | | | | |
| Current and other assets | \$ 10,117,700 | \$ 8,386,431 | \$ 18,504,131 | \$ 7,853,806 | \$ 8,373,199 | \$ 16,227,005 |
| Capital assets, net | 32,207,815 | 23,387,167 | 55,594,982 | 33,814,187 | 21,866,795 | 55,680,982 |
| Total Assets | <u>42,325,515</u> | <u>31,773,598</u> | <u>74,099,113</u> | <u>41,667,993</u> | <u>30,239,994</u> | <u>71,907,987</u> |
| Deferred Outflows of Resources | <u>221,730</u> | <u>75,526</u> | <u>297,256</u> | <u>257,044</u> | <u>76,044</u> | <u>333,088</u> |
| Liabilities | | | | | | |
| Other liabilities | 2,112,149 | 854,168 | 2,966,317 | 1,454,934 | 774,834 | 2,229,768 |
| Long-term liabilities | 1,574,641 | 6,902,940 | 8,477,581 | 2,175,949 | 7,683,359 | 9,859,308 |
| Total Liabilities | <u>3,686,790</u> | <u>7,757,108</u> | <u>11,443,898</u> | <u>3,630,883</u> | <u>8,458,193</u> | <u>12,089,076</u> |
| Deferred Inflows of Resources | <u>195,446</u> | <u>62,770</u> | <u>258,216</u> | <u>88,138</u> | <u>24,169</u> | <u>112,307</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 30,806,001 | 17,098,171 | 47,904,172 | 32,101,286 | 14,071,568 | 46,172,854 |
| Restricted | 1,321,312 | 1,871,001 | 3,192,313 | 791,096 | 1,654,359 | 2,445,455 |
| Unrestricted | 6,537,696 | 5,060,074 | 11,597,770 | 5,313,634 | 6,107,749 | 11,421,383 |
| Total Net Position | <u>\$ 38,665,009</u> | <u>\$ 24,029,246</u> | <u>\$ 62,694,255</u> | <u>\$ 38,206,016</u> | <u>\$ 21,833,676</u> | <u>\$ 60,039,692</u> |

City of Parker, Texas

Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

Statement of Activities:

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

| | 2022 | | | 2021 | | |
|--|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenue | | | | | | |
| Program Revenue | | | | | | |
| Charges for services | \$ 551,538 | \$ 5,665,189 | \$ 6,216,727 | \$ 1,088,320 | \$ 4,740,579 | \$ 5,828,899 |
| Grants and contributions | 1,010,335 | 885,480 | 1,895,815 | 6,486 | 461,013 | 467,499 |
| General Revenue | | | | | | |
| Property taxes | 4,502,968 | - | 4,502,968 | 4,185,386 | - | 4,185,386 |
| Sales taxes | 410,537 | - | 410,537 | 358,488 | - | 358,488 |
| Franchise and local taxes | 338,312 | - | 338,312 | 266,873 | - | 266,873 |
| Investment income | 36,374 | 48,186 | 84,560 | 49,260 | 3,161 | 52,421 |
| Other revenues | 57,737 | 739 | 58,476 | 130,015 | - | 130,015 |
| Total Revenue | 6,907,801 | 6,599,594 | 13,507,395 | 6,084,828 | 5,204,753 | 11,289,581 |
| Expenses | | | | | | |
| General government | 699,102 | - | 699,102 | 1,096,747 | - | 1,096,747 |
| Public safety | 2,521,512 | - | 2,521,512 | 2,799,376 | - | 2,799,376 |
| Public works | 3,052,147 | - | 3,052,147 | 2,636,790 | - | 2,636,790 |
| Culture and recreation | 16,253 | - | 16,253 | 10,618 | - | 10,618 |
| Interest and fiscal charges | 33,784 | 228,927 | 262,711 | 41,546 | 237,502 | 279,048 |
| Water, sewer, & sanitation | - | 4,095,097 | 4,095,097 | - | 3,781,939 | 3,781,939 |
| Total Expenses | 6,322,798 | 4,324,024 | 10,646,822 | 6,585,077 | 4,019,441 | 10,604,518 |
| Change in Net Position Before Transfers | 585,003 | 2,275,570 | 2,860,573 | (500,249) | 1,185,312 | 685,063 |
| Transfers | 80,000 | (80,000) | - | 72,584 | (72,584) | - |
| Total | 80,000 | (80,000) | - | 72,584 | (72,584) | - |
| Change in Net Position | 665,003 | 2,195,570 | 2,860,573 | (427,665) | 1,112,728 | 685,063 |
| Beginning Net Position | 38,000,006 | 21,833,676 | 59,833,682 | 38,633,681 | 20,720,948 | 59,354,629 |
| Ending Net Position | \$ 38,665,009 | \$ 24,029,246 | \$ 62,694,255 | \$ 38,206,016 | \$ 21,833,676 | \$ 60,039,692 |

City of Parker, Texas

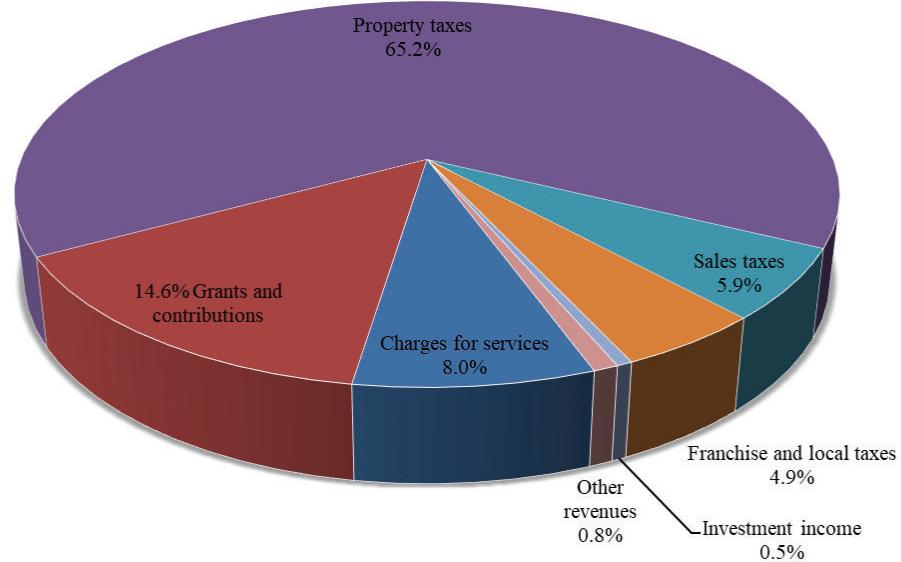
Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

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

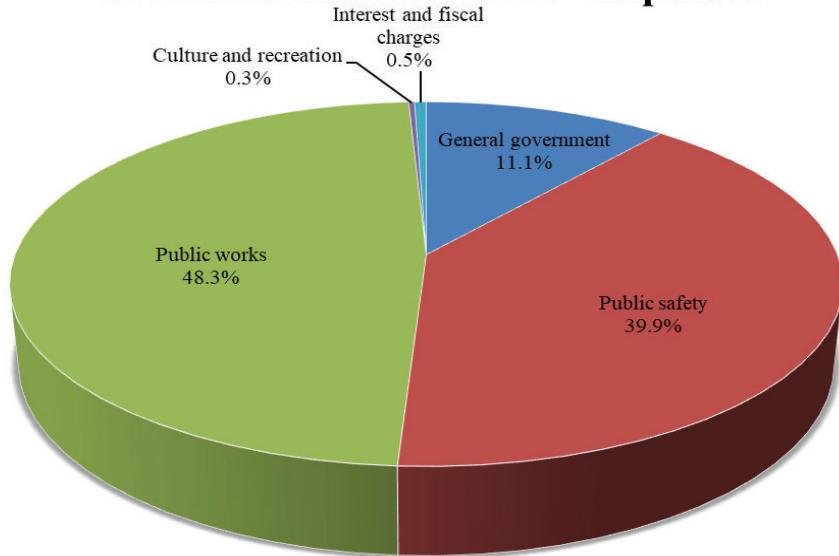
Governmental Activities - Revenues



For the year ended September 30, 2022, revenues from governmental activities totaled \$6,907,801. Property tax, charges for services, and grants and contributions are the City's largest revenue sources. Property tax increased \$317,582 or 8% due to an increase in the taxable appraisal value of properties. Grants and contributions increased \$1,003,849 due to nonrecurring capital contributions from a developer in the current year. Sales tax revenues increased \$52,049 or 15% due to increased economic growth fueled by local purchases. Investment income decreased by \$12,886 or 26% primarily due to realization of lower interest rates. Other revenues decreased by \$72,278 due primarily to nonrecurring fine collections and proceeds from sale of assets received in the prior year. All other revenues remained relatively stable over the course of the fiscal year.

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



City of Parker, Texas

Management's Discussion and Analysis (Continued)

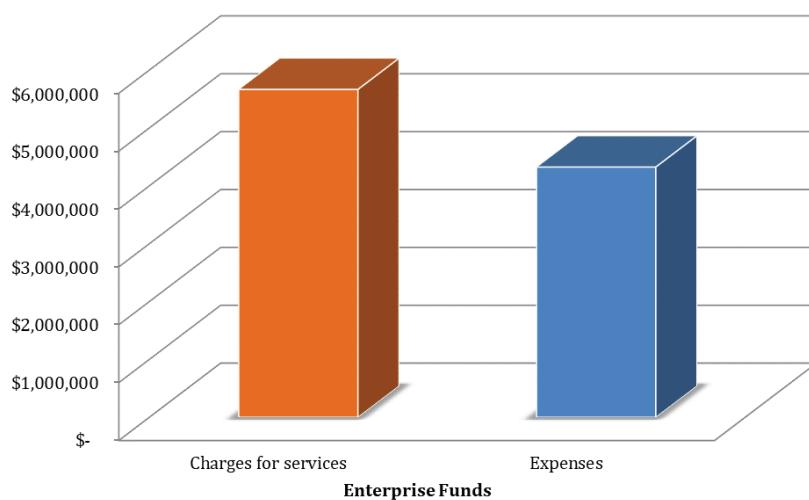
September 30, 2022

Meeting Date: 03/07/2023 Item 6.

For the year ended September 30, 2022, expenses for governmental activities totaled \$6,322,798. This represents a decrease of \$262,279 or 4% from the prior year. The City's largest functional expense is public works for \$3,052,147. Public works expenses increased by \$415,357 or 16% primarily due to nonrecurring street maintenance expenses and professional service costs in the current year. Public safety expenses decreased by \$277,864 or 10% from the prior year. The decrease was primarily a result of greater personnel costs and communication service expenses in the prior year. General government expenses decreased by \$397,645 or 36% primarily due to nonrecurring worker's compensation and liability insurance expenses in the prior year. Interest and fiscal charges decreased by \$7,762 or 19% primarily due to nonrecurring bond costs recognized in the prior year. All other expenses remained relatively stable over the course of the fiscal year.

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 \$5,665,189. This is an increase of \$924,610, or 20% from the previous year. This increase directly relates to a 3% increase in refuse billing rates and growth in the City's customer base compared to the prior year.

Total expenses for business-type activities increased \$304,583 or 8%, due to increased personnel and supply costs.

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.

As of the end of the year the general fund reflected a total fund balance of \$5,550,920. Of this, \$15,978 is considered nonspendable. The unassigned fund balance totaled \$5,534,942 as of yearend. The general fund balance increased \$494,613 primarily as a result of greater than anticipated revenues and less than anticipated expenditures.

City of Parker, Texas

Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

As of September 30, 2022, the debt service fund reflected a fund balance of \$260,580, a slight increase of \$13,322 from the prior year. The fund experienced an increase primarily due to property tax revenues exceeding debt service expenditures.

As of September 30, 2022, the nonmajor governmental funds reflected a total fund balance of \$2,659,630, an increase of \$1,193,635. The increase was primarily a result of transfers received from other funds for the different purposes of the special revenue funds.

There was an increase in governmental fund balance of \$1,701,570 from the prior year. The increase was primarily a result of current year revenue increases in property, sales, and franchise tax; as well as a decrease in general government and public safety expense.

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 total positive budget variance of \$615,765 in the general fund. This was primarily the result of positive revenue and expenditure variance totaling \$180,014 and \$385,751, respectively. All expenditures were less than final budgeted appropriations, with the exception of principal retirement, interest and fiscal charges, and transfers in.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$32,207,815 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 \$23,387,167 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Developer contributions received totaling \$918,652 for streets improvements.
- Developer contributions received totaling \$885,480 for water system improvements.
- Central lift station improvements totaling \$1,130,873.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding, in the amount of \$7,890,086. During the year, principal payments totaling \$675,000 were made, as required. More detailed information about the City's long-term liabilities is presented in note IV. E. 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 Parker and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

City of Parker, Texas

Management's Discussion and Analysis (Continued)

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Parker'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 City Administrator, 5700 East Parker Road, Parker, Texas 75002.

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FINANCIAL STATEMENTS

City of Parker, Texas
Statement of Net Position (Page 1 of 2)
 September 30, 2022

Meeting Date: 03/07/2023 Item 6.

| Primary Government | | | |
|---------------------------------------|--|---------------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 7,317,202 | \$ 3,553,289 | \$ 10,870,491 |
| Investments | 2,589,049 | - | 2,589,049 |
| Receivables, (net) | 183,375 | 662,122 | 845,497 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 3,741,038 | 3,741,038 |
| Prepaid expenses | 28,074 | 299 | 28,373 |
| | Total Current Assets | 10,117,700 | 7,956,748 |
| | | | 18,074,448 |
| Capital and right to use assets: | | | |
| Non depreciable capital assets | 920,660 | 6,464,011 | 7,384,671 |
| Net depreciable capital assets | 31,206,764 | 16,923,156 | 48,129,920 |
| Net right to use assets | 80,391 | - | 80,391 |
| | Total Capital and Right to Use Assets | 32,207,815 | 23,387,167 |
| | | | 55,594,982 |
| Grant receivable | - | 429,683 | 429,683 |
| | Total Noncurrent Assets | 32,207,815 | 23,816,850 |
| | | | 56,024,665 |
| | Total Assets | 42,325,515 | 31,773,598 |
| | | | 74,099,113 |
| Deferred Outflows of Resources | | | |
| Deferred outflows - pension | 201,186 | 64,614 | 265,800 |
| Deferred outflows - OPEB | 13,097 | 4,206 | 17,303 |
| Deferred charges on refunding | 7,447 | 6,706 | 14,153 |
| | Total Deferred Outflows of Resources | \$ 221,730 | \$ 75,526 |
| | | | \$ 297,256 |

See Notes to Financial Statements.

City of Parker, Texas
Statement of Net Position (Page 2 of 2)
As of September 30, 2022

Meeting Date: 03/07/2023 Item 6.

| | Primary Government | | |
|--|--------------------------------|---------------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| | Liabilities | | |
| Current liabilities: | | | |
| Accounts payable | \$ 120,253 | \$ 218,375 | \$ 338,628 |
| Accrued liabilities and other payables | 45,864 | - | 45,864 |
| Unearned revenue | 1,340,643 | - | 1,340,643 |
| Customer deposits | 76,000 | 36,903 | 112,903 |
| Accrued interest payable | 5,553 | 36,772 | 42,325 |
| Payable to Collin County | - | 238,856 | 238,856 |
| Due within one year: | | | |
| Leases payable | 33,642 | - | 33,642 |
| Bonds and notes payable | 390,282 | 299,720 | 690,002 |
| Accrued compensated absences | 99,912 | 23,542 | 123,454 |
| Total Current Liabilities | 2,112,149 | 854,168 | 2,966,317 |
| Noncurrent liabilities: | | | |
| Due in more than one year: | | | |
| Leases payable | 41,671 | - | 41,671 |
| Bonds and notes payable | 943,666 | 6,713,679 | 7,657,345 |
| Net pension liability | 520,649 | 167,212 | 687,861 |
| Total OPEB liability | 68,655 | 22,049 | 90,704 |
| Total Noncurrent Liabilities | 1,574,641 | 6,902,940 | 8,477,581 |
| Total Liabilities | 3,686,790 | 7,757,108 | 11,443,898 |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pension | 184,028 | 59,103 | 243,131 |
| Deferred inflows - OPEB | 11,418 | 3,667 | 15,085 |
| Total Deferred Inflows of Resources | 195,446 | 62,770 | 258,216 |
| Net Position | | | |
| Net investment in capital assets | 30,806,001 | 17,098,171 | 47,904,172 |
| Restricted for: | | | |
| Parks and recreation | 16,383 | - | 16,383 |
| Debt service | 260,580 | - | 260,580 |
| Capital projects | 841,942 | 1,871,001 | 2,712,943 |
| Public safety | 202,407 | - | 202,407 |
| Unrestricted | 6,537,696 | 5,060,074 | 11,597,770 |
| Total Net Position | \$ 38,665,009 | \$ 24,029,246 | \$ 62,694,255 |

See Notes to Financial Statements.

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Statement of Activities

For the Year Ended September 30, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 699,102 | \$ 378,153 | \$ 46,161 | \$ - |
| Public safety | 2,521,512 | 173,385 | 13,930 | 16,592 |
| Public works | 3,052,147 | - | - | 918,652 |
| Culture and recreation | 16,253 | - | 15,000 | - |
| Interest and fiscal charges | 33,784 | - | - | - |
| Total Governmental Activities | 6,322,798 | 551,538 | 75,091 | 935,244 |
| Business-Type Activities: | | | | |
| Water, sewer, & sanitation | 4,324,024 | 5,665,189 | - | 885,480 |
| Total Business-Type Activities | 4,324,024 | 5,665,189 | - | 885,480 |
| Total Primary Government | \$ 10,646,822 | \$ 6,216,727 | \$ 75,091 | \$ 1,820,724 |

General Revenues:

Property taxes
Sales and use taxes
Franchise and local taxes
Investment income
Other revenues

Transfers in (out)

Total General Revenues, Transfers, and Extraordinary Items Change in Net Position

Net Position - Beginning, as Restated
Net Position - Ending

See Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------------------|----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (274,788) | | \$ (274,788) |
| (2,317,605) | | (2,317,605) |
| (2,133,495) | | (2,133,495) |
| (1,253) | | (1,253) |
| (33,784) | | (33,784) |
| <u>(4,760,925)</u> | | <u>(4,760,925)</u> |
| | | |
| - | \$ 2,226,645 | 2,226,645 |
| | <u>2,226,645</u> | <u>2,226,645</u> |
| <u>(4,760,925)</u> | <u>2,226,645</u> | <u>(2,534,280)</u> |
| | | |
| 4,502,968 | - | 4,502,968 |
| 410,537 | - | 410,537 |
| 338,312 | - | 338,312 |
| 36,374 | 48,186 | 84,560 |
| 57,737 | 739 | 58,476 |
| 80,000 | (80,000) | - |
| <u>5,425,928</u> | <u>(31,075)</u> | <u>5,394,853</u> |
| <u>665,003</u> | <u>2,195,570</u> | <u>2,860,573</u> |
| <u>38,000,006</u> | <u>21,833,676</u> | <u>59,833,682</u> |
| <u>\$ 38,665,009</u> | <u>\$ 24,029,246</u> | <u>\$ 62,694,255</u> |

City of Parker, Texas
Balance Sheet - Governmental Funds
As of September 30, 2022

Meeting Date: 03/07/2023 Item 6.

| | General Fund | Nonmajor Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,350,241 | \$ 260,580 | \$ 2,706,381 | \$ 7,317,202 |
| Investments | 2,520,677 | - | 68,372 | 2,589,049 |
| Receivables, net: | | | | |
| Property taxes | 19,623 | 3,162 | - | 22,785 |
| Sales taxes | 60,822 | - | - | 60,822 |
| Court | 41,025 | - | - | 41,025 |
| Other | 58,743 | - | - | 58,743 |
| Prepaid items | 15,978 | - | 12,096 | 28,074 |
| Total Assets | 7,067,109 | 263,742 | 2,786,849 | 10,117,700 |
| Liabilities | | | | |
| Accounts payable | 110,124 | - | 10,129 | 120,253 |
| Accrued liabilities and other payables | 45,864 | - | - | 45,864 |
| Customer deposits | 76,000 | - | - | 76,000 |
| Unearned revenue | 1,223,553 | - | 117,090 | 1,340,643 |
| Total Liabilities | 1,455,541 | - | 127,219 | 1,582,760 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | 19,623 | 3,162 | - | 22,785 |
| Unavailable revenue - fines | 41,025 | - | - | 41,025 |
| Total Deferred Inflows of Resources | 60,648 | 3,162 | - | 63,810 |
| Fund Balances | | | | |
| Nonspendable | 15,978 | - | 12,096 | 28,074 |
| Restricted for: | | | | |
| Parks and recreation | - | - | 16,383 | 16,383 |
| Debt service | - | 260,580 | - | 260,580 |
| Capital projects | - | - | 841,942 | 841,942 |
| Public safety | - | | 202,407 | 202,407 |
| Committed for: | | | | |
| Capital improvements | - | - | 1,586,802 | 1,586,802 |
| Unassigned | 5,534,942 | - | - | 5,534,942 |
| Total Fund Balances | 5,550,920 | 260,580 | 2,659,630 | 8,471,130 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| | \$ 7,067,109 | \$ 263,742 | \$ 2,786,849 | \$ 10,117,700 |

See Notes to Financial Statements.

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2022

| | |
|---|--------------|
| Fund Balances - Total Governmental Funds | \$ 8,471,130 |
|---|--------------|

Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:

Capital and right to use assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds. 32,207,815

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds

| | |
|----------------------------|--------|
| Property taxes receivables | 22,785 |
| Fines receivable | 41,025 |

Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.

| | |
|------------------------------------|--------|
| Pension amounts | 17,158 |
| OPEB amounts | 1,679 |
| Deferred charges on bond refunding | 7,447 |

Some liabilities, including interest, bonds payable, leases payable, and net pension and total OPEB liabilities, are not reported as liabilities in the governmental funds.

| | |
|---|-----------|
| Accrued interest | (5,553) |
| Accrued compensated absences | (99,912) |
| Non-current debt/leases payable due in one year | (423,924) |
| Non-current debt/leases payable due in more than one year | (985,337) |
| Net pension and total OPEB liability | (589,304) |

| | |
|--|-----------------------------|
| Net Position of Governmental Activities - Statement of Net Position | <u><u>\$ 38,665,009</u></u> |
|--|-----------------------------|

See Notes to Financial Statements.

City of Parker, Texas

*Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022*

| | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 4,144,541 | \$ 432,589 | \$ - | \$ 4,577,130 |
| Sales and mixed beverage taxes | 410,537 | - | - | 410,537 |
| Franchise and local taxes | 338,312 | - | - | 338,312 |
| Licenses and permits | 378,153 | - | - | 378,153 |
| Contributions and donations | 500 | - | 28,430 | 28,930 |
| Grants | 62,753 | - | - | 62,753 |
| Fines and forfeitures | 117,517 | - | 14,843 | 132,360 |
| Investment income | 36,084 | - | 290 | 36,374 |
| Other revenue | 41,040 | - | 16,697 | 57,737 |
| Total Revenues | 5,529,437 | 432,589 | 60,260 | 6,022,286 |
| Expenditures | | | | |
| Current operating: | | | | |
| General government | 625,372 | - | 5,653 | 631,025 |
| Police department | 1,199,786 | - | - | 1,199,786 |
| Municipal court | 104,874 | - | 3,755 | 108,629 |
| Fire department | 857,244 | - | - | 857,244 |
| Building and code enforcement | 214,907 | - | - | 214,907 |
| Public works | 322,484 | - | - | 322,484 |
| City property | 469,061 | - | - | 469,061 |
| Culture and recreation | - | - | 5,635 | 5,635 |
| Debt Service: | | | | |
| Principal retirement | 27,283 | 379,895 | 1,681 | 408,859 |
| Interest and fiscal charges | 317 | 39,372 | 681 | 40,370 |
| Capital outlay | 10,996 | - | 198,034 | 209,030 |
| Total Expenditures | 3,832,324 | 419,267 | 215,439 | 4,467,030 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 1,697,113 | 13,322 | (155,179) | 1,555,256 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 50,000 | - | 1,282,500 | 1,332,500 |
| Transfers out | (1,252,500) | - | - | (1,252,500) |
| Proceeds from sale of assets | - | - | 11,815 | 11,815 |
| Proceeds from leased assets | - | - | 54,499 | 54,499 |
| Total Other Financing Sources (Uses) | (1,202,500) | - | 1,348,814 | 146,314 |
| Net Change in Fund Balances | 494,613 | 13,322 | 1,193,635 | 1,701,570 |
| Fund Balances - Beginning | 5,056,307 | 247,258 | 1,465,995 | 6,769,560 |
| Fund Balances - Ending | \$ 5,550,920 | \$ 260,580 | \$ 2,659,630 | \$ 8,471,130 |

See Notes to Financial Statements.

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

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

| | |
|---|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,701,570 |
|---|--------------|

Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---------------------------------------|-------------|
| Capital outlays | 209,030 |
| Depreciation and amortization expense | (2,519,113) |
| Capital contributions | 918,652 |

Revenues in the SOA that do not provide current financial resources are not reported as revenues in the governmental funds.

(33,137)

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, the amounts are deferred and amortized in the Statement of Activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items:

| | |
|--|----------|
| Net changes in bonds and leases | 350,150 |
| Proceeds from leases | (54,499) |
| Net changes in debt premium/discount | 8,016 |
| Net changes in deferred charges on refunding | (1,430) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--------------------------|---------|
| Compensated absences | (8,642) |
| Pension and OPEB expense | 94,406 |

| | |
|--|------------------------|
| Net Position of Governmental Activities - Statement of Activities | <hr/> <hr/> \$ 665,003 |
|--|------------------------|

See Notes to Financial Statements.

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Statement of Net Position

Proprietary Funds

September 30, 2022

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Total |
|--|-----------------------|--------------------------------|----------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 3,462,225 | \$ 91,064 | \$ 3,553,289 |
| Receivables, net | 614,197 | 47,925 | 662,122 |
| Prepaid expenses | 299 | - | 299 |
| Restricted assets: | | | |
| Cash and cash equivalents | 3,741,038 | - | 3,741,038 |
| Total Current Assets | 7,817,759 | 138,989 | 7,956,748 |
| Noncurrent assets: | | | |
| Capital Assets | | | |
| Land | 323,666 | - | 323,666 |
| Construction in progress | 6,140,345 | - | 6,140,345 |
| Water system | 23,535,911 | - | 23,535,911 |
| Sewer system | 216,655 | - | 216,655 |
| Vehicles and equipment | 162,131 | - | 162,131 |
| Accumulated depreciation | (6,991,541) | - | (6,991,541) |
| Grant receivable | 429,683 | - | 429,683 |
| Total Noncurrent Assets | 23,816,850 | - | 23,816,850 |
| Total Assets | 31,634,609 | 138,989 | 31,773,598 |
| Deferred Outflows of Resources | | | |
| Deferred charges on bond refunding | 6,706 | - | 6,706 |
| Deferred outflows - pension | 64,614 | - | 64,614 |
| Deferred outflows - OPEB | 4,206 | - | 4,206 |
| Total Deferred Outflows of Resources | \$ 75,526 | \$ - | \$ 75,526 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and other current liabilities | \$ 180,209 | \$ 38,166 | \$ 218,375 |
| Accrued interest payable | 36,772 | - | 36,772 |
| Utility customer deposits | 36,903 | - | 36,903 |
| Payable to Collin County | 238,856 | - | 238,856 |
| General obligation bonds payable - current | 299,720 | - | 299,720 |
| Compensated absences payable | 23,542 | - | 23,542 |
| Total Current Liabilities | 816,002 | 38,166 | 854,168 |
| Noncurrent Liabilities | | | |
| General obligation bonds payable | 6,713,679 | - | 6,713,679 |
| Net pension liability | 167,212 | - | 167,212 |
| Total OPEB liability | 22,049 | - | 22,049 |
| Total Noncurrent Liabilities | 6,902,940 | - | 6,902,940 |
| Total Liabilities | 7,718,942 | 38,166 | 7,757,108 |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pension | 59,103 | - | 59,103 |
| Deferred inflows - OPEB | 3,667 | - | 3,667 |
| Total Deferred Inflows of Resources | 62,770 | - | 62,770 |
| Net Position | | | |
| Net investment in capital assets | 17,098,171 | - | 17,098,171 |
| Restriction for capital projects | 1,871,001 | - | 1,871,001 |
| Unrestricted | 4,959,251 | 100,823 | 5,060,074 |
| Total Net Position | \$ 23,928,423 | \$ 100,823 | \$ 24,029,246 |

See Notes to Financial Statements.

City of Parker, Texas

*Statement of Revenues, Expenses, and Changes in
Net Position - Proprietary Funds*
For the Year Ended September 30, 2022

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Total |
|--|-----------------------|--------------------------------|----------------------|
| Operating Revenues | | | |
| Charges for sales and services: | | | |
| Water sales | \$ 4,574,099 | \$ - | \$ 4,574,099 |
| Sewer charges | 419,285 | - | 419,285 |
| Garbage collection | - | 485,427 | 485,427 |
| Meter installations | 117,500 | - | 117,500 |
| Other revenue | 68,878 | - | 68,878 |
| Total Operating Revenues | 5,179,762 | 485,427 | 5,665,189 |
| Operating Expenses | | | |
| Personnel services | 647,173 | - | 647,173 |
| Purchased water | 1,810,117 | - | 1,810,117 |
| Cost of sanitation | - | 441,275 | 441,275 |
| Wastewater treatment | 278,977 | - | 278,977 |
| Other purchased services | 175,185 | - | 175,185 |
| Supplies and maintenance | 130,018 | - | 130,018 |
| Depreciation | 612,352 | - | 612,352 |
| Total Operating Expenses | 3,653,822 | 441,275 | 4,095,097 |
| Operating Income (Loss) | 1,525,940 | 44,152 | 1,570,092 |
| Non-Operating Revenues (Expenses) | | | |
| Interest revenue | 48,186 | - | 48,186 |
| Intergovernmental | 739 | - | 739 |
| Interest and fiscal charges | (228,927) | - | (228,927) |
| Total Non-Operating Revenues (Expenses) | (180,002) | - | (180,002) |
| Income (Loss) Before Transfers | 1,345,938 | 44,152 | 1,390,090 |
| Capital contributions | 885,480 | - | 885,480 |
| Transfers out | (55,000) | (25,000) | (80,000) |
| Changes in Net Position | 2,176,418 | 19,152 | 2,195,570 |
| Net Position - Beginning | 21,752,005 | 81,671 | 21,833,676 |
| Net Position - Ending | \$ 23,928,423 | \$ 100,823 | \$ 24,029,246 |

See Notes to Financial Statements.

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2022

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Totals |
|--|-----------------------|-----------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from customers | \$ 5,216,590 | \$ 480,512 | \$ 5,697,102 |
| Cash payments to other suppliers and employees | (3,411,051) | (438,095) | (3,849,146) |
| Net Cash Provided (Used) by Operating Activities | 1,805,539 | 42,417 | 1,847,956 |
| Cash Flows from Non-capital Financing Activities | | | |
| Short term borrowing between funds | (993,786) | - | (993,786) |
| Transfers out to other funds | (55,000) | (25,000) | (80,000) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (1,048,786) | (25,000) | (1,073,786) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchase of capital assets | (1,247,258) | - | (1,247,258) |
| Intergovernmental revenues | 739 | - | 739 |
| Principal paid on debt | (295,105) | - | (295,105) |
| Interest paid on debt | (258,807) | - | (258,807) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (1,800,431) | - | (1,800,431) |
| Cash Flows from Investing Activities | | | |
| Interest and dividends on investments | 48,186 | - | 48,186 |
| Net Cash Provided (Used) by Investing Activities | 48,186 | - | 48,186 |
| Net Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash and Cash Equivalents at Beginning of Year | 8,198,755 | 73,647 | 8,272,402 |
| Cash and Cash Equivalents at End of Year | \$ 7,203,263 | \$ 91,064 | \$ 7,294,327 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | \$ 1,525,940 | \$ 44,152 | \$ 1,570,092 |
| Provided (used) by operating activities: | | | |
| Depreciation | 612,352 | - | 612,352 |
| Change in Assets and Liabilities: | | | |
| Decrease (increase) in receivables | (75) | (4,915) | (4,990) |
| Decrease (increase) in pension and OPEB related deferred outflows | (770) | - | (770) |
| Decrease (increase) in prepaid expenses | 7,469 | - | 7,469 |
| Increase (decrease) in accounts payable | (382,963) | 3,180 | (379,783) |
| Increase (decrease) in utility customer deposits | 36,903 | - | 36,903 |
| Increase (decrease) in compensated absences | 5,022 | - | 5,022 |
| Increase (decrease) in total OPEB obligation | 4,667 | - | 4,667 |
| Increase (decrease) in net pension obligation | (41,607) | - | (41,607) |
| Increase (decrease) in pension and OPEB related deferred inflows | 38,601 | - | 38,601 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,805,539 | \$ 42,417 | \$ 1,847,956 |
| Noncash Capital and Related Financing Activities: | | | |
| Contributions of capital assets | \$ 885,480 | \$ - | \$ 885,480 |
| Premium amortization | 1,288 | - | 1,288 |

City of Parker, Texas

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Parker, Texas (the “City”) was incorporated on March 22, 1969 and operates under a Type A General Law form of government. The City provides: police; fire; code enforcement; public works; street repair and maintenance; parks; general administrative services; water; wastewater; and sanitation.

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with 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.

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Blended Component Unit

Parker Volunteer Fire Department

The Parker Volunteer Fire Department (the “VFD”) was created by City ordinance on February 22, 1983. The purpose of the VFD is to provide fire protection to the citizens of the City. The Fire Chief is the executive officer of the department and is appointed by the Mayor of the City.

C. 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 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 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, including its blended component units. 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 governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

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, police and fire departments, public works, building and code enforcement, and city property. The General Fund is considered a major fund for reporting purposes.

City of Parker, Texas

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Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. The Debt Service Fund is considered a major fund for reporting purposes.

Capital Street Construction Fund

The Capital Street Construction Fund is used to account for the construction or maintenance of street projects being financed from bond proceeds, grants or transfers from other funds. This fund is considered nonmajor for reporting purposes.

Capital Drainage Fund

The Capital Drainage Fund is used to account for the construction or maintenance of drainage related improvements being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

Capital Facilities Fund

The Capital Facilities Fund is used to account for land acquisition, construction, renovation and equipping of government facilities being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

Volunteer Fire Department Fund

The Volunteer Fire Department Fund (the “VFD”) is used to account for contributions and grants that are contributed to the VFD for fire protection. The VFD is considered a nonmajor fund for reporting purposes. The VFD is reported as a blended component unit because it has no separate board from the City Council, and it is financially accountable to the City.

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of law enforcement, court security, court technology, police donations, child safety, equipment replacement, parks program, and technology replacement.

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Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major and non-major enterprise funds:

Water & Sewer Fund

This fund is used to account for the provision of water & sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, and water collection 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.

Sanitation Fund (non-major)

This fund is used to account for the provision of garbage services to the residents of the City. Activities of the fund include administration, operations, maintenance, and contract garbage services.

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.

City of Parker, Texas

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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.

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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 operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, 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

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. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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Advances between funds are offset by a fund balance reserve 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 by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. 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 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) and are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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

| Asset Description | Estimated Useful Life |
|----------------------------|-----------------------|
| Vehicles | 5 to 20 years |
| Furniture and equipment | 5 to 10 years |
| Infrastructure | 20 - 40 years |
| Water and sewer system | 40 years |
| Buildings and improvements | 40 years |

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. An example which arises only under a modified accrual basis of accounting, relates to the accounting for uncollected property taxes. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumptions used within the pension actuarial valuation model.

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8. Net Position Flow Assumption

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.

9. 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.

10. 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 either a commitment (committed fund balance) or an assignment (assigned fund balance).

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.

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11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. 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, the City's governmental funds recognize accrued compensated absences when it is paid.

12. 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, net pension liability, and accrued compensated absences.

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. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarially calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

13. Leases – Lessor

The City is a lessee for noncancelable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

14. 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.

15. 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 plan (SDBP), with retiree coverage. The TMRS SDBP 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) and as such the SDBP is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBP is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan.

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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 non-employer 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.

16. 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 expenses during the reporting period. Actual results could differ from those estimates.

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 for the General Fund, Debt Service Fund, and Water & Sewer, and Sanitation Fund. Capital Projects Fund budgets are appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the function level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

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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 (Days) | Credit Rating |
|---------------------------|----------------------|----------------------------------|---------------|
| Certificates of deposit | \$ 2,589,049 | 0 | N/A |
| External investment pools | | | |
| TexSTAR | 10,121,452 | 16 | AAAm |
| <u>Total value</u> | <u>\$ 12,710,501</u> | | |

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 five years; 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.

Credit risk – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2022, the City's investment in TexSTAR was 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.

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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.

TexSTAR

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexSTAR are the same as the value of TexSTAR shares. 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 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. The investments of the City consist of certificates of deposit and investment pool assets, which are both exempted from presentation within a fair value hierarchy table. As a result, no such table is presented.

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.

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C. Receivables

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

| | Water & | | | | | |
|----------------|-------------------|-----------------|---------------------|------------------|---------------------|--|
| | General | Debt Service | Sewer | Sanitation | Total | |
| Property taxes | \$ 19,623 | \$ 3,162 | \$ - | \$ - | \$ 22,785 | |
| Sales tax | 60,822 | - | - | - | 60,822 | |
| Franchise tax | 57,760 | - | - | - | 57,760 | |
| Court | 82,050 | - | - | - | 82,050 | |
| Accounts | - | - | 655,591 | 52,926 | 708,517 | |
| Grants | - | - | 429,683 | - | 429,683 | |
| Other | 983 | - | - | - | 983 | |
| Allowance | (41,025) | - | (41,394) | (5,001) | (87,420) | |
| | <u>\$ 180,213</u> | <u>\$ 3,162</u> | <u>\$ 1,043,880</u> | <u>\$ 47,925</u> | <u>\$ 1,275,180</u> | |

D. Capital Assets

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

| | Beginning Balances | | Decreases/ Reclassifications | Ending Balances |
|---|-----------------------|-----------------------|---------------------------------|----------------------|
| | | Increases | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 843,484 | \$ - | \$ - | \$ 843,484 |
| Construction in progress | 58,337 | 18,839 | - | 77,176 |
| Total capital assets not being depreciated | <u>901,821</u> | <u>18,839</u> | <u>-</u> | <u>920,660</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Land improvements | 212,367 | - | - | 212,367 |
| Buildings and improvements | 2,616,328 | - | - | 2,616,328 |
| Vehicles and equipment | 4,443,915 | 112,928 | (925,136) | 3,631,707 |
| Infrastructure | 52,266,733 | 941,416 | - | 53,208,149 |
| Right-to-use leased assets | - | 277,247 | - | 277,247 |
| Total capital assets, being depreciated/amortized | <u>59,539,343</u> | <u>1,331,591</u> | <u>(925,136)</u> | <u>59,945,798</u> |
| Less accumulated depreciation/amortization: | | | | |
| Land improvements | (103,272) | (10,618) | - | (113,890) |
| Buildings and improvements | (974,038) | (61,183) | - | (1,035,221) |
| Vehicles and equipment | (2,817,752) | (418,153) | 694,418 | (2,541,487) |
| Infrastructure | (22,731,915) | (2,039,274) | - | (24,771,189) |
| Right-to-use leased assets | - | (196,856) | - | (196,856) |
| Total accumulated depreciation/amortization | <u>(26,626,977)</u> | <u>(2,726,084)</u> | <u>694,418</u> | <u>(28,658,643)</u> |
| Net capital assets being depreciated/amortized | <u>32,912,366</u> | <u>(1,394,493)</u> | <u>(230,718)</u> | <u>31,287,155</u> |
| Governmental Capital Assets | \$ 33,814,187 | \$ (1,375,654) | \$ (230,718) | \$ 32,207,815 |

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Depreciation/amortization expense was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 77,291 |
| Public safety | 576,637 |
| Public works | 2,061,538 |
| Parks and recreation | 10,618 |
| Total governmental activities depreciation/amortization expense | <u>\$ 2,726,084</u> |

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 | \$ 323,666 | \$ - | \$ - | \$ 323,666 |
| Construction in progress | 4,992,608 | 1,147,737 | - | 6,140,345 |
| Total capital assets not being depreciated | <u>5,316,274</u> | <u>1,147,737</u> | <u>-</u> | <u>6,464,011</u> |
| Capital assets, being depreciated: | | | | |
| Water and sewer system | 22,774,416 | 978,150 | - | 23,752,566 |
| Vehicles and equipment | 238,274 | 6,837 | (82,980) | 162,131 |
| Total capital assets being depreciated | <u>23,012,690</u> | <u>984,987</u> | <u>(82,980)</u> | <u>23,914,697</u> |
| Less accumulated depreciation | | | | |
| Water and sewer system | (6,222,958) | (608,834) | - | (6,831,792) |
| Vehicles and equipment | (239,211) | (3,518) | 82,980 | (159,749) |
| Total accumulated depreciation | <u>(6,462,169)</u> | <u>(612,352)</u> | <u>82,980</u> | <u>(6,991,541)</u> |
| Net capital assets being depreciated | <u>16,550,521</u> | <u>372,635</u> | <u>-</u> | <u>16,923,156</u> |
| Total Capital Assets | <u>\$ 21,866,795</u> | <u>\$ 1,520,372</u> | <u>\$ -</u> | <u>\$ 23,387,167</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|---|-------------------|
| Water | \$ 606,936 |
| Sewer | 5,416 |
| Total Business-Type Activities Depreciation Expense | <u>\$ 612,352</u> |

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E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the Debt Service Fund to liquidate governmental long-term liabilities.

| | Beginning Balances | Additions | Reductions | Ending Balances | Amounts Due within One Year |
|---------------------------------------|-----------------------|---------------------|---------------------|---------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General Obligation Refunding Bonds | \$ 1,042,091 | \$ - | \$ (224,895) | \$ 817,196 | \$ 235,282 |
| Premium | 49,768 | - | (8,016) | 41,752 | - |
| Certificate of Obligation | 630,000 | - | (155,000) | 475,000 | 155,000 |
| Total Bonds Payable | 1,721,859 | - | (387,911) | 1,333,948 | 390,282 |
| Right-to-use lease liability | - | 104,831 | (29,518) | 75,313 | 33,642 |
| Net pension liability | 761,514 | - | (240,865) | 520,649 | - |
| Total OPEB liability | 63,388 | 5,267 | - | 68,655 | - |
| Compensated absences | 91,270 | 99,912 | (91,270) | 99,912 | - |
| Total Governmental Activities | \$ 2,638,031 | \$ 210,010 | \$ (749,564) | \$ 2,098,477 | \$ 423,924 |
| Business-Type Activities: | | | | | |
| Bonds payable: | | | | | |
| General Obligation Refunding Bonds | \$ 972,995 | \$ - | \$ (210,105) | \$ 762,890 | \$ 219,720 |
| Combination Tax and Revenue Bonds | 5,920,000 | - | (85,000) | 5,835,000 | 80,000 |
| Premium | 446,691 | - | (31,182) | 415,509 | - |
| Total Bonds Payable | 7,339,686 | - | (326,287) | 7,013,399 | 299,720 |
| Net pension liability | 208,819 | - | (41,607) | 167,212 | - |
| Total OPEB liability | 17,382 | 4,667 | - | 22,049 | - |
| Compensated absences | 18,520 | 23,542 | (18,520) | 23,542 | - |
| Total Business-Type Activities | \$ 7,584,407 | \$ 28,209.00 | \$ (386,414) | \$ 7,226,202 | \$ 299,720 |

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.

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

| Description | Interest Rates | Original Balance | Current Balance |
|--|----------------------|------------------|---------------------|
| Governmental Activities | | | |
| 2015 Certificate of Obligation (100%) | 2.09% | \$ 1,485,000 | \$ 475,000 |
| 2019 General Obligation Refunding Bonds (52%) | 3.00% | 1,285,000 | 817,196 |
| Total Governmental Activities | | <u>2,770,000</u> | <u>1,292,196</u> |
| Business-Type Activities | | | |
| 2018 Combination Tax & Revenue Bonds (100%) | 3.00 - 4.00% | 6,075,000 | 5,835,000 |
| 2019 General Obligation Refunding Bonds (48%) | 3.00% | 1,200,000 | 762,890 |
| Total Business-type Activities | | <u>7,275,000</u> | <u>6,597,890</u> |
| Total Long-Term Debt | | | |
| 2015 Certificate of Obligation (100%) | 2.09% | 1,485,000 | 475,000 |
| 2018 Combination Tax & Revenue Bonds (100%) | 3.00 - 4.00% | 6,075,000 | 5,835,000 |
| 2019 General Obligation Refunding Bonds (100%) | 3.00% | 2,485,000 | 1,580,086 |
| Total | \$ 10,045,000 | | \$ 7,890,086 |

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

| Year ending September 30, | Governmental Activities | | 2019 General Obligation Bonds | | 2015 Certificates of Obligation | |
|------------------------------|-------------------------|------------------|-------------------------------|------------------|---------------------------------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 235,282 | \$ 20,981 | \$ 155,000 | \$ 8,308 | | |
| 2024 | 155,131 | 15,125 | 160,000 | 5,016 | | |
| 2025 | 131,861 | 10,820 | 160,000 | 1,672 | | |
| 2026 | 95,664 | 7,407 | - | - | | |
| 2027 | 98,330 | 4,499 | - | - | | |
| 2028 | 100,928 | 1,513 | - | - | | |
| Total | <u>\$ 817,196</u> | <u>\$ 60,345</u> | <u>\$ 475,000</u> | <u>\$ 14,996</u> | | |

The City issued the 2015 Certificate of Obligation bond on August 20, 2015, in the original principal amount of \$1,485,000. Payments are due in annual installments, with a maturity date of February 15, 2025. These certificates bear an interest rate of 2.09%, payable on February 15 and August 15.

The City issued the 2019 General Obligation Refunding Bonds on December 17, 2019, in the original principal amount of \$2,485,000. Payments are due in annual installments, with a maturity date of February 15, 2028. These bonds bear an interest rate of 3.0%, payable on February 15 and August 15. The governmental portion is approximately 52%, or \$1,285,000.

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

| Year ending September 30, | 2019 General Obligation Bonds | | 2018 Certificates of Obligation | |
|------------------------------|-------------------------------|------------------|---------------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 219,720 | \$ 19,594 | \$ 80,000 | \$ 229,700 |
| 2024 | 144,869 | 14,125 | 170,000 | 225,950 |
| 2025 | 123,140 | 10,105 | 200,000 | 219,400 |
| 2026 | 89,336 | 6,918 | 245,000 | 210,500 |
| 2027 | 91,751 | 4,201 | 255,000 | 200,500 |
| 2028-2032 | 94,074 | 1,412 | 1,895,000 | 801,900 |
| 2033-2037 | - | - | 2,440,000 | 361,800 |
| 2038 | - | - | 550,000 | 11,000 |
| Total | \$ 762,890 | \$ 56,355 | \$ 5,835,000 | \$ 2,260,750 |

The City issued the 2018 Combination Tax and Revenue bonds on August 21, 2018, in the original principal amount of \$6,075,000. Payments are due in annual installments, with a maturity date of February 15, 2038. These certificates bear an interest rate of 3.00-4.00%, payable on February 15 and August 15.

The City issued the 2019 General Obligation Refunding Bonds on December 17, 2019, in the original principal amount of \$2,485,000. Payments are due in annual installments, with a maturity date of February 15, 2028. These bonds bear an interest rate of 3.0%, payable on February 15 and August 15. The business type activities portion is approximately 48%, or \$1,200,000.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Right-to-Use Lease Liability

The City has entered into two lease agreements as the lessee. The leases allow the right-to-use a building and a vehicle over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

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The lease rate, term, and ending lease liability are as follows:

| Description | Interest Rates | Liability at | | Lease Term in Years | Ending Balance |
|--------------------------------|----------------|--------------|--------------------------------------|------------------------|------------------|
| | | Commencement | | | |
| Governmental Activities | | | | | |
| Leased police building | 0.84% | \$ 187,697 | | 7.0 | \$ 23,050 |
| Leased Chevy Tahoe | 1.55% | 54,499 | | 5.0 | 52,263 |
| | | | Total Governmental Activities | | \$ 75,313 |

The future principal and interest lease payments as of fiscal year end are as follows:

| Year ending September 30, | Principal | Interest | Total |
|------------------------------|------------------|-----------------|------------------|
| 2023 | \$ 33,642 | \$ 832 | \$ 34,474 |
| 2024 | 10,757 | 577 | 11,334 |
| 2025 | 10,925 | 409 | 11,334 |
| 2026 | 11,096 | 239 | 11,335 |
| 2027 | 8,893 | 67 | 8,960 |
| Total | \$ 75,313 | \$ 2,124 | \$ 77,437 |

In 2017 Collin County agreed to issue a grant amounting to \$367,247 and lend up to \$975,506 to the City to relocate water utilities along FM 2514. The grant and payable amount are owed back to the County 30 days after the City receives the grant money from Texas Department of Transportation (TX DOT) if TX DOT approves reimbursement of this project. As of September 30, 2022, the City received \$238,856 from the County related to this agreement. This amount is carried as a liability to the County and will be paid to the County when the TX DOT grant money is received. During September 30, 2018, TX DOT indicated their approval for this project on a 100% reimbursement basis. With this approval the City owes back the funds received from Collin County for \$238,856. As of September 30, 2022 the City had a receivable for this grant of \$429,683 from TX DOT.

F. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2019 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 governmental and business-type activities totaled \$7,447 and \$6,706, respectively. Current year amortization expense for governmental and business-type activities totaled \$1,430 and \$1,288, respectively.

G. Customer Deposits

The City had customer deposits of \$76,000 in the General Fund as of yearend. The City requires a \$1,000 refundable deposit for all new home building permits. This amount will be refunded upon completion of the project and by meeting certain criteria set by the City. The City also had water meter deposits of \$36,903 payable in the Water and Sewer Fund at year end.

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H. Interfund Transactions

The summary of interfund transfers for the year ended September 30, 2022 was as follows:

| Transfer Out | Transfer In | Amount |
|--------------------|-----------------------------|------------------|
| Water & Sewer Fund | General Fund | \$ 25,000 |
| Sanitation Fund | General Fund | 25,000 |
| Water & Sewer Fund | Technology Replacement Fund | 5,000 |
| Water & Sewer Fund | Equipment Replacement Fund | <u>25,000</u> |
| | Total | \$ 80,000 |

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 2,800 other entities in the Texas Municipal League's 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.

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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.

D. Pension and OPEB Plans

Texas Municipal Retirement Systems

1. Plan Description

The City of Parker participates as one of 901 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 that can be obtained at www.tmrs.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.

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 | 6% | 6% |
| Matching ratio (city to employer) | 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 |

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Employees Covered by Benefit Terms:

At the December 31, 2021 and 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | 2021 | 2020 |
|--|------------------|------------------|
| Inactive employees or beneficiaries currently receiving benefits | 14 | 13 |
| Inactive employees entitled to but not yet receiving benefits | 16 | 15 |
| Active employees | <u>26</u> | <u>24</u> |
| Total | <u><u>56</u></u> | <u><u>52</u></u> |

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 Parker were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Parker were 13.31% and 13.73% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$272,889, and were equal to the required contributions.

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 | 2.50% |
| Overall payroll growth | 3.5% to 11.5%, including inflation |
| Investment Rate of Return | 6.75%, net pension plan investment expense, including inflation |

Salary increases were based on a service-related table. The retirement age is based on the experience-based table of rates that are specific to the City's plan of benefits. It was last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. Mortality rates for post-retirement are based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

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

The 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 Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Effective December 31, 2015, the long-term expected rate of return on TMRS pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and the production of income in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%.

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 Equity | 35.0% | 7.55% |
| Core Fixed Income | 6.0% | 2.00% |
| Non-Core Fixed Income | 20.0% | 5.68% |
| Other Public and 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 | <u>100.0%</u> | |

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.

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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:

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | |
|--|---|----------------------|
| 1% Decrease 5.75% | Current Single Discount Rate Assumption 6.75% | 1% Increase 7.75% |
| \$1,318,433 | \$687,861 | \$162,518 |

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 | \$ 4,598,990 | \$ 3,628,657 | \$ 970,333 |
| Changes for the year: | | | |
| Service Cost | 257,639 | - | 257,639 |
| Interest | 311,777 | - | 311,777 |
| Difference between expected and actual experience | (37,249) | - | (37,249) |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 236,706 | (236,706) |
| Contributions - employee | - | 107,349 | (107,349) |
| Net investment income | - | 472,758 | (472,758) |
| Benefit payments, including refunds or emp. contributions | (217,794) | (217,794) | - |
| Administrative expense | - | (2,189) | 2,189 |
| Other changes | - | 15 | (15) |
| Net changes | 314,373 | 596,845 | (282,472) |
| Balance at 12/31/21 | \$ 4,913,363 | \$ 4,225,502 | \$ 687,861 |

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.

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

For the year ended September 30, 2022, the City recognized pension expense of \$170,901.

City of Parker, Texas

Notes to the Financial Statements

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

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

| | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|---|--------------------------------------|---------------------------------------|
| Differences between expected and actual economic experience | \$ 57,316 | \$ - |
| Changes in actuarial assumptions | 4,898 | - |
| Difference between projected and investment earnings | - | (243,131) |
| Contributions subsequent to the measurement date | 203,586 | - |
| Total | <u>\$ 265,800</u> | <u>\$ (243,131)</u> |

The City reported \$203,586 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: | Deferred Outflow (Inflow) of Resources |
|-------------------------|--|
| 2022 | \$ (17,079) |
| 2023 | (73,263) |
| 2024 | (38,359) |
| 2025 | (52,216) |
| 2026 | - |
| Thereafter | - |
| Total | <u>\$ (180,917)</u> |

Other Postemployment Benefits (OPEB)

1. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBP). 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 SDBP by adopting an ordinance before November 1 of any year to be effective the following January 1.

City of Parker, Texas

Notes to the Financial Statements

September 30, 2022

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2. Benefits Provided

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

| The City offers supplemental death to: | Plan Year 2021 | Plan Year 2020 |
|--|----------------|----------------|
| Active employees (yes or no) | Yes | Yes |
| Retirees (yes or no) | Yes | Yes |

The City contributes to the SDBP 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 SDBP 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 | 10 |
| Inactive employees entitled to but not yet receiving benefits | 4 |
| Active employees | 26 |
| Total | 40 |

3. Contributions

The City's contributions to the TMRS SDBP for the years ended 2022, 2021, and 2020 were \$1,603, \$1,108, and \$332, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates (RETIREE-only portion of the rate)

| Plan/Calendar Year | Annual Required Contribution (Rate) | Actual Contribution Made (Rate) | Percentage of ARC Contributed |
|--------------------|-------------------------------------|---------------------------------|-------------------------------|
| 2020 | 0.02% | 0.02% | 100.00% |
| 2021 | 0.08% | 0.08% | 100.00% |
| 2022 | 0.08% | 0.08% | 100.00% |

4. 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 Parker, Texas

Notes to the Financial Statements

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

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 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements. For disabled annuitants, the 2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

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 Discount Rate 1.84% | 1% Increase 2.84% |
|----------------------|--------------------------------|----------------------|
| \$ 111,657 | \$ 90,704 | \$ 74,603 |

City of Parker, Texas

Notes to the Financial Statements

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

Changes in the Total OPEB Liability:

| | | Total OPEB Liability |
|--|--|-----------------------------|
| Balance at 12/31/20 | | \$ 80,769 |
| Changes for the year: | | |
| Service Cost | | 4,831 |
| Interest | | 1,649 |
| Difference between expected and actual experience | | 2,010 |
| Changes in assumptions | | 2,876 |
| Benefit payments | | <u>(1,431)</u> |
| Net changes | | <u>9,935</u> |
| Balance at 12/31/21 | | <u><u>\$ 90,704</u></u> |

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$10,076. 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 | \$ 16,117 | \$ - |
| Difference between projected and investment earnings | - | (15,085) |
| Contributions subsequent to the measurement date | 1,186 | - |
| Total | <u><u>\$ 17,303</u></u> | <u><u>\$ (15,085)</u></u> |

The City reported \$1,186 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 total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in expense as follows:

| Year ended December 31: | Deferred Outflow (Inflow) of Resources |
|--------------------------------|---|
| 2022 | \$ 3,596 |
| 2023 | 3,533 |
| 2024 | 1,402 |
| 2025 | (9,604) |
| 2026 | 1,389 |
| Thereafter | 716 |
| Total | <u><u>\$ 1,032</u></u> |

City of Parker, Texas

Notes to the Financial Statements

September 30, 2022

Meeting Date: 03/07/2023 Item 6.

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The City's deferred compensation plan is administered by a private corporation under contract with the City. Total participant contributions were approximately \$14,040 for the year ended September 30, 2022. The City does not contribute to the plan.

F. Prior Period Adjustment

During the audit, a prior period adjustment was detected related to the disposal of a fire truck in a prior year. The effect on net position is shown below:

| | Governmental Activities |
|---|-----------------------------|
| Beginning balances as previously reported | \$ 38,206,016 |
| Prior period adjustment | <u>(206,010)</u> |
| Restated beginning balances | <u><u>\$ 38,000,006</u></u> |

G. Subsequent Events

There were no material subsequent events through March 7, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Budgetary Comparison Schedule - General Fund

For the Year Ended September 30, 2022

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 4,088,126 | \$ 4,088,126 | \$ 4,144,541 | \$ 56,415 |
| Sales and mixed beverage taxes | 302,897 | 302,897 | 410,537 | 107,640 |
| Franchise and local taxes | 265,000 | 265,000 | 338,312 | 73,312 |
| Licenses and permits | 450,000 | 450,000 | 378,153 | (71,847) |
| Contributions and donations | - | - | 500 | 500 |
| Grants | 1,200 | 1,200 | 62,753 | 61,553 |
| Fines and forfeitures | 220,000 | 220,000 | 117,517 | (102,483) |
| Investment income | 17,200 | 17,200 | 36,084 | 18,884 |
| Other revenue | 5,000 | 5,000 | 41,040 | 36,040 |
| Total Revenues | 5,349,423 | 5,349,423 | 5,529,437 | 180,014 |
| Expenditures | | | | |
| Current operating: | | | | |
| General government | 610,793 | 678,346 | 625,372 | 52,974 |
| Police department | 1,359,029 | 1,359,029 | 1,199,786 | 159,243 |
| Municipal court | 198,217 | 198,217 | 104,874 | 93,343 |
| Fire department | 903,447 | 903,447 | 857,244 | 46,203 |
| Building and code enforcement | 222,938 | 222,938 | 214,907 | 8,031 |
| Public works | 331,798 | 332,998 | 322,484 | 10,514 |
| City property | 484,400 | 517,800 | 469,061 | 48,739 |
| Debt Service: | | | | |
| Principal retirement | - | - | 27,283 | (27,283) |
| Interest and fiscal charges | - | - | 317 | (317) |
| Capital outlay | 6,500 | 5,300 | 10,996 | (5,696) |
| Total Expenditures | 4,117,122 | 4,218,075 | 3,832,324 | 385,751 |
| Excess of Revenues Over (Under) Expenditures | | | | |
| | 1,232,301 | 1,131,348 | 1,697,113 | 565,765 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 50,000 | 50,000 |
| Transfers out | (1,252,500) | (1,252,500) | (1,252,500) | - |
| Total Other Financing Sources (Uses) | (1,252,500) | (1,252,500) | (1,202,500) | 50,000 |
| Net Change in Fund Balances | (20,199) | (121,152) | 494,613 | \$ 615,765 |
| Fund Balances, Beginning | 5,056,307 | 5,056,307 | 5,056,307 | |
| Fund Balances, Ending | \$ 5,036,108 | \$ 4,935,155 | \$ 5,550,920 | |

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Schedule of Changes in Net Pension Liability and Related Ratios¹

Texas Municipal Retirement System

Last Ten Measured Years

| Measurement Date | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 257,639 | \$ 240,809 | \$ 232,383 | \$ 197,110 |
| Interest | 311,777 | 284,370 | 263,390 | 245,536 |
| Change in benefit terms | - | - | 28,011 | - |
| Difference between expected and actual experience | (37,249) | 97,916 | 66,461 | (478) |
| Changes of assumptions | - | - | 11,930 | - |
| Benefit payments, including refunds of participant contributions | (217,794) | (233,179) | (301,958) | (144,651) |
| Net change in total pension liability | <u>314,373</u> | <u>389,916</u> | <u>300,217</u> | <u>297,517</u> |
| Total pension liability, beginning | <u>4,598,990</u> | <u>4,209,074</u> | <u>3,908,857</u> | <u>3,611,340</u> |
| Total pension liability, ending (a) | <u><u>\$ 4,913,363</u></u> | <u><u>\$ 4,598,990</u></u> | <u><u>\$ 4,209,074</u></u> | <u><u>\$ 3,908,857</u></u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | \$ 236,706 | \$ 216,779 | \$ 199,957 | \$ 180,329 |
| Contributions - members | 107,349 | 100,827 | 98,259 | 87,800 |
| Net investment income | 472,758 | 249,892 | 441,645 | (84,398) |
| Benefit payments, including refunds of participant contributions | (217,794) | (233,179) | (301,958) | (144,651) |
| Administrative expenses | (2,189) | (1,619) | (2,499) | (1,634) |
| Other | 15 | (62) | (74) | (87) |
| Net change in plan fiduciary net position | <u>596,845</u> | <u>332,638</u> | <u>435,330</u> | <u>37,359</u> |
| Plan fiduciary net position, beginning | <u>3,628,657</u> | <u>3,296,019</u> | <u>2,860,689</u> | <u>2,823,330</u> |
| Plan fiduciary net position, ending (b) | <u><u>\$ 4,225,502</u></u> | <u><u>\$ 3,628,657</u></u> | <u><u>\$ 3,296,019</u></u> | <u><u>\$ 2,860,689</u></u> |
| Net pension liability/(asset) ending = (a) - (b) | <u><u>\$ 687,861</u></u> | <u><u>\$ 970,333</u></u> | <u><u>\$ 913,055</u></u> | <u><u>\$ 1,048,168</u></u> |
| Plan fiduciary net position as a % of total pension liability | 86.00% | 78.90% | 78.31% | 73.18% |
| Covered payroll | \$ 1,789,157 | \$ 1,680,453 | \$ 1,637,653 | \$ 1,463,325 |
| Net pension liability as a % of covered payroll | 38.45% | 57.74% | 55.75% | 71.63% |

Notes to Schedule:

¹ This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only available information is shown.

| | <u>12/31/2017</u> | | <u>12/31/2016</u> | | <u>12/31/2015</u> | | <u>12/31/2014</u> |
|----|----------------------------|----|----------------------------|----|----------------------------|----|----------------------------|
| \$ | 177,420 | \$ | 169,837 | \$ | 142,149 | \$ | 113,443 |
| | 226,154 | | 207,380 | | 196,185 | | 189,492 |
| | - | | - | | - | | - |
| | 19,112 | | 52,583 | | (2,192) | | (43,077) |
| | - | | - | | 81,015 | | - |
| | <u>(146,144)</u> | | <u>(164,770)</u> | | <u>(157,911)</u> | | <u>(199,299)</u> |
| | <u>276,542</u> | | <u>265,030</u> | | <u>259,246</u> | | <u>60,559</u> |
| | <u>3,334,798</u> | | <u>3,069,768</u> | | <u>2,810,522</u> | | <u>2,749,963</u> |
| | <u><u>\$ 3,611,340</u></u> | | <u><u>\$ 3,334,798</u></u> | | <u><u>\$ 3,069,768</u></u> | | <u><u>\$ 2,810,522</u></u> |
| \$ | 161,326 | \$ | 140,906 | \$ | 132,625 | \$ | 108,296 |
| | 79,147 | | 75,483 | | 68,124 | | 63,331 |
| | 332,048 | | 148,469 | | 3,182 | | 118,262 |
| | <u>(146,144)</u> | | <u>(164,770)</u> | | <u>(157,911)</u> | | <u>(199,299)</u> |
| | <u>(1,723)</u> | | <u>(1,679)</u> | | <u>(1,938)</u> | | <u>(1,235)</u> |
| | <u>(87)</u> | | <u>(90)</u> | | <u>(96)</u> | | <u>(102)</u> |
| | <u>424,567</u> | | <u>198,319</u> | | <u>43,986</u> | | <u>89,253</u> |
| | <u><u>2,398,763</u></u> | | <u><u>2,200,444</u></u> | | <u><u>2,156,458</u></u> | | <u><u>2,067,205</u></u> |
| | <u><u>\$ 2,823,330</u></u> | | <u><u>\$ 2,398,763</u></u> | | <u><u>\$ 2,200,444</u></u> | | <u><u>\$ 2,156,458</u></u> |
| | <u><u>\$ 788,010</u></u> | | <u><u>\$ 936,035</u></u> | | <u><u>\$ 869,324</u></u> | | <u><u>\$ 654,064</u></u> |
| | 78.18% | | 71.93% | | 71.68% | | 76.73% |
| \$ | 1,319,109 | \$ | 1,258,049 | \$ | 1,136,281 | \$ | 1,055,519 |
| | 59.74% | | 74.40% | | 76.51% | | 61.97% |

City of Parker Texas

Meeting Date: 03/07/2023 Item 6.

Schedule of Employer Contributions to Pension Plan ¹ Texas Municipal Retirement System Last Ten Fiscal Years

| | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> |
|--|------------------|------------------|------------------|------------------|
| Actuarially determined employer contributions | \$ 272,889 | \$ 228,226 | \$ 210,992 | \$ 200,142 |
| Contributions in relation to the actuarially determined contribution | <u>272,889</u> | <u>228,226</u> | <u>210,992</u> | <u>200,142</u> |
| Contribution deficiency (excess) | - | - | - | - |
| Annual covered payroll | \$ 2,003,463 | \$ 1,736,745 | \$ 1,659,525 | \$ 1,634,800 |
| Employer contributions as a percentage of covered payroll | 13.62% | 13.14% | 12.71% | 12.24% |

NOTES TO SCHEDULE OF CONTRIBUCTIONS TO PENSION PLAN

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.

Valuation Date:

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 | 23 Years |
| Asset Valuation Method | 10 Year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11% 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.

| <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> |
|------------------|------------------|------------------|------------------|
| \$ 170,493 | \$ 154,623 | \$ 134,731 | \$ 126,757 |
| <u>170,493</u> | <u>154,623</u> | <u>134,731</u> | <u>126,757</u> |
| -\$ | -\$ | -\$ | -\$ |
| \$ 1,385,733 | \$ 1,293,066 | \$ 1,191,182 | \$ 1,116,212 |
| 12.30% | 11.96% | 11.31% | 11.36% |

City of Parker, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios ¹

Texas Municipal Retirement System

Last Ten Measured Years

| | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | |
| Service Cost | \$ 4,831 | \$ 3,697 | \$ 4,094 | \$ 4,390 | \$ 3,430 |
| Interest | 1,649 | 1,939 | 5,520 | 1,537 | 1,432 |
| Changes in benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | 2,010 | (4,248) | (98,867) | 100,311 | - |
| Changes in assumptions or other inputs | 2,876 | 10,894 | 11,490 | (3,411) | 3,479 |
| Benefit payments, including refunds of participant contributions | (1,431) | (335) | (328) | (293) | (264) |
| Net Change in Total OPEB Liability | 9,935 | 11,947 | (78,091) | 102,534 | 8,077 |
| Total OPEB Liability - Beginning | 80,769 | 68,823 | 146,914 | 44,380 | 36,303 |
| Total OPEB Liability - Ending (a) | \$ 90,704 | \$ 80,770 | \$ 68,823 | \$ 146,914 | \$ 44,380 |
| Covered Payroll | \$ 1,789,157 | \$ 1,680,453 | \$ 1,637,653 | \$ 1,463,325 | \$ 1,319,109 |
| Total OPEB Liability as a Percentage of Covered Payroll | 5.07% | 4.81% | 4.20% | 10.04% | 3.36% |

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.

OTHER SUPPLEMENTARY INFORMATION

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Combining Balance Sheet

Nonmajor Governmental Funds

As of September 30, 2022

| | Capital Street Const. Fund | Capital Drainage Fund | Capital Facilities Fund | Volunteer Fire Dept. Fund |
|--|----------------------------------|-----------------------------|-------------------------------|---------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 959,032 | \$ 218,239 | \$ 707,083 | \$ 56,149 |
| Investments | - | - | - | 68,372 |
| Prepays | - | - | - | - |
| Total Assets | <u>959,032</u> | <u>218,239</u> | <u>707,083</u> | <u>124,521</u> |
| Liabilities | | | | |
| Accounts payable | - | - | 5,250 | - |
| Unearned revenue | 117,090 | - | - | - |
| | <u>117,090</u> | <u>-</u> | <u>5,250</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Capital projects | 841,942 | - | - | - |
| Public safety | - | - | - | 124,521 |
| Parks and recreation | - | - | - | - |
| Committed: | | | | |
| Capital projects | - | 218,239 | 701,833 | - |
| Total Fund Balances | <u>841,942</u> | <u>218,239</u> | <u>701,833</u> | <u>124,521</u> |
| Total Liabilities and Fund Balances | <u>\$ 959,032</u> | <u>\$ 218,239</u> | <u>\$ 707,083</u> | <u>\$ 124,521</u> |

| Law Enforcement Fund | Equipment Replacement Fund | Court Security Fund | Court Technology Fund | Child Safety Fund | Police Donations Fund |
|----------------------|----------------------------|---------------------|-----------------------|-------------------|-----------------------|
| \$ 7,413 | \$ 633,532 | \$ 49,685 | \$ 7,258 | \$ 7,128 | \$ 8,898 |
| - | - | - | - | - | - |
| - | 12,096 | - | - | - | - |
| 7,413 | 645,628 | 49,685 | 7,258 | 7,128 | 8,898 |
| <hr/> | | | | | |
| 2,496 | 2,383 | - | - | - | - |
| - | - | - | - | - | - |
| 2,496 | 2,383 | - | - | - | - |
| <hr/> | | | | | |
| - | 12,096 | - | - | - | - |
| - | - | - | - | - | - |
| 4,917 | - | 49,685 | 7,258 | 7,128 | 8,898 |
| - | - | - | - | - | - |
| - | 631,149 | - | - | - | - |
| 4,917 | 643,245 | 49,685 | 7,258 | 7,128 | 8,898 |
| \$ 7,413 | \$ 645,628 | \$ 49,685 | \$ 7,258 | \$ 7,128 | \$ 8,898 |

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City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

As of September 30, 2022

| | Parks Fund | Technology Replacement Fund | Total Nonmajor Governmental Funds |
|--|------------------|-----------------------------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ 16,383 | \$ 35,581 | \$ 2,706,381 |
| Investments | - | - | 68,372 |
| Prepays | - | - | 12,096 |
| Total Assets | 16,383 | 35,581 | 2,786,849 |
| Liabilities | | | |
| Accounts payable | - | - | 10,129 |
| Unearned revenue | - | - | 117,090 |
| | - | - | 127,219 |
| Fund Balances | | | |
| Nonspendable | - | - | 12,096 |
| Restricted for: | | | |
| Capital projects | - | - | 841,942 |
| Public safety | - | - | 202,407 |
| Parks and recreation | 16,383 | - | 16,383 |
| Committed: | | | |
| Capital projects | - | 35,581 | 1,586,802 |
| Total Fund Balances | 16,383 | 35,581 | 2,659,630 |
| Total Liabilities and Fund Balances | \$ 16,383 | \$ 35,581 | \$ 2,786,849 |

City of Parker, Texas

Meeting Date: 03/07/2023 Item 6.

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2022

| | Capital Street Const. Fund | Capital Drainage Fund | Capital Facilities Fund | Volunteer Fire Dept. Fund |
|---|----------------------------------|-----------------------------|-------------------------------|---------------------------------|
| Revenues | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ - | \$ - |
| Grants | - - | - - | - - | 16,592 |
| Investment income | - - | - - | - - | 290 |
| Donations | - - | - - | - - | 10,805 |
| Total Revenues | - - | - - | - - | 27,687 |
| Expenditures | | | | |
| Current: | | | | |
| General government | - - | - - | - - | - - |
| Public safety | - - | - - | - - | 500 |
| Public works | 5,635 | - - | - - | - - |
| Capital outlay | - - | 22,763 | 18,839 | 22,123 |
| Debt service: | | | | |
| Principal | - - | - - | - - | - - |
| Interest | - - | - - | - - | - - |
| Total Expenditures | 5,635 | 22,763 | 18,839 | 22,623 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (5,635) | (22,763) | (18,839) | 5,064 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 500,000 | 100,000 | 350,000 | - - |
| Transfers out | - - | - - | - - | - - |
| Proceeds from leased assets | - - | - - | - - | - - |
| Proceeds from sale of assets | - - | - - | - - | - - |
| Total Other Financing Sources (Uses) | 500,000 | 100,000 | 350,000 | - - |
| Net Change in Fund Balances | 494,365 | 77,237 | 331,161 | 5,064 |
| Beginning Fund Balances | 347,577 | 141,002 | 370,672 | 119,457 |
| Ending Fund Balances | \$ 841,942 | \$ 218,239 | \$ 701,833 | \$ 124,521 |

| Law Enforcement Fund | Equipment Replacement Fund | Court Security Fund | Court Technology Fund | Child Safety Fund | Police Donations Fund |
|----------------------|----------------------------|---------------------|-----------------------|-------------------|-----------------------|
| \$ - | \$ - | \$ 4,783 | \$ 3,916 | \$ 6,144 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 2,625 |
| - | - | 4,783 | 3,916 | 6,144 | 2,625 |
| <hr/> | | | | | |
| - | - | - | - | - | 356 |
| - | - | - | 3,255 | - | - |
| - | - | - | - | - | - |
| - | 106,190 | - | - | 8,700 | - |
| - | 1,681 | - | - | - | - |
| - | 681 | - | - | - | - |
| - | 108,552 | - | 3,255 | 8,700 | 356 |
| <hr/> | | | | | |
| - | (108,552) | 4,783 | 661 | (2,556) | 2,269 |
| <hr/> | | | | | |
| - | 275,000 | - | - | - | - |
| - | - | - | - | - | - |
| - | 54,499 | - | - | - | - |
| - | 11,815 | - | - | - | - |
| - | 341,314 | - | - | - | - |
| <hr/> | | | | | |
| - | 232,762 | 4,783 | 661 | (2,556) | 2,269 |
| 4,917 | 410,483 | 44,902 | 6,597 | 9,684 | 6,629 |
| \$ 4,917 | \$ 643,245 | \$ 49,685 | \$ 7,258 | \$ 7,128 | \$ 8,898 |

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City of Parker, Texas

*Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)*
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

Meeting Date: 03/07/2023 Item 6.

| | Parks Fund | Technology Replacement Fund | Total Nonmajor Governmental Funds |
|---|------------------|-----------------------------------|--|
| Revenues | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 14,843 |
| Other revenues | 105 | - | 16,697 |
| Investment income | - | - | 290 |
| Donations | 15,000 | - | 28,430 |
| Total Revenues | 15,105 | - | 60,260 |
| Expenditures | | | |
| Current: | | | |
| General government | 5,297 | - | 5,653 |
| Public safety | - | - | 3,755 |
| Culture and recreation | - | - | 5,635 |
| Capital outlay | - | 19,419 | 198,034 |
| Debt service: | | | |
| Principal | - | - | 1,681 |
| Interest | - | - | 681 |
| Total Expenditures | 5,297 | 19,419 | 215,439 |
| Excess (Deficiency) of Revenues | | | |
| Revenues Over Expenditures | 9,808 | (19,419) | (155,179) |
| Other Financing Sources (Uses) | | | |
| Transfers in | 2,500 | 55,000 | 1,282,500 |
| Transfers out | - | - | - |
| Proceeds from leased assets | - | - | 54,499 |
| Proceeds from sale of assets | - | - | 11,815 |
| Total Other Financing Sources (Uses) | 2,500 | 55,000 | 1,348,814 |
| Net Change in Fund Balances | 12,308 | 35,581 | 1,193,635 |
| Beginning Fund Balances | 4,075 | - | 1,465,995 |
| Ending Fund Balances | \$ 16,383 | \$ 35,581 | \$ 2,659,630 |

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COMPLIANCE AND INTERNAL CONTROL SECTION

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**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***

To the Honorable Mayor and
 Members of the City Council
 City of Parker, 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, each major fund, and the aggregate remaining fund information of City of Parker, 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, and have issued our report thereon dated March 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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 financial statements. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vail + Park, P.C.

Vail & Park, P.C.
Tom Bean, Texas
March 7, 2023

March 7, 2023

To the Honorable Mayor and
 Members of the City Council
 City of Parker, Texas

Subject: Management Recommendation Letter

In planning and performing our audit of the financial statements of the City of Parker, Texas (the “City”) for the year ended September 30, 2022, we considered the City’s internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the audited financial statements and not to provide assurance on the internal control structure.

This letter does not affect our report dated March 7, 2023 on the financial statements of the City of Parker, Texas. These recommendations should in no way be construed as derogatory. However, during our audit we became aware of matters that are opportunities to strengthen internal controls and operating efficiency.

Fiscal Year 2022 Recommendations:

Year-end Closing Procedures

- We noted the City did not perform all year-end closing procedures prior to the submission of the trial balance for audit. This was primarily due to the previous audit firm performing these entries in conjunction with the audit. This resulted in ‘PBC’ adjustments and audit adjustments that are similar to closing adjustments for receivables, capital assets, right to use assets, lease liabilities, TMRS pension and OPEB, and utility billing revenue. We recommend the City refine their closing process to ensure that the accounting for the fiscal year is complete before the audit.

Prior Year Recommendations:

Nontaxable Payroll Deductions

- We noted that the City was deducting TMRS and 457b employee retirement contributions prior to calculating Medicare tax payable. Neither deduction is considered tax deductible for FICA purposes. This coding error began during the 2020 fiscal year as the result of a software conversion. Our total estimate of taxes and penalties/interest owed for the 2021 year was approximately \$3,800. Upon bringing this to the City’s attention, the payroll system and taxable deductions were updated immediately. This was not noted in the current year, this matter is considered resolved.

Government Accounting Standards Board (GASB) Statements No. 87, Leases

- The City should begin planning for the implementation of this accounting standard by establishing a policy to 1) establish a capitalization threshold for leases, 2) define “reasonably certain” as it relates to the likelihood of a lease term to extend beyond 12 months, 3) establish a system to capture the required lease information in order to determine the applicability of the standard. This standard was implemented in the fiscal year 2022, this matter is considered resolved.

Vail + Park, P.C.

Vail & Park, P.C.

Tom Bean, Texas

March 7, 2023

March 7, 2023

To the Honorable Mayor & City Council

City of Parker, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Parker, Texas (the "City") for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under *Government Auditing Standards* (and, if applicable, the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 29, 2022, and updated February 2, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. The City implemented GASB #87 in FY22. No other new accounting policies were adopted, and the application of existing policies was not changed during FY22. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements was (were):

Management's estimate of the allowance for doubtful accounts receivable for utility billing and sanitation services is based on historical collections. Management's estimate of depreciation of capital assets is based on the useful life. We evaluated the key factors and assumptions used to develop the above noted estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of long-term debt in Note IV E to the financial statements. This disclosure provides details of debt terms, future payments, interest rates, and other information for each debt.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment I summarizes misstatements detected as a result of audit procedures that were corrected by management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. Attachment II summarizes uncorrected misstatements of the financial statements. Management has determined that the effects of the unadjusted are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 7, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the Management, Discussion, and Analysis, General Fund Budgetary Comparison – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Schedule of Changes in Net Pension Liability and Related Ratios – TMRS - Last 10 Measured Years, Schedule of Contributions to Pension Plan - TMRS - Last Ten Fiscal Years, Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS - Last 10 Measured Years, which are required supplementary information (RSI) that supplements the basic financial statements.

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements for the nonmajor funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Parker, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Vail + Park, P.C.

Client: CITY OF PARKER
Engagement: 2022
Current Period: 9/30/2022
Workpaper: Adjusting Journal Entries

ATTACHMENT I

| Account | Description | Debit | Credit | Net Income Effect |
|----------------|--|-------------------|-------------------|-------------------|
| AJE #01 | | | | |
| | <i>To update and record TMRS pension and OPEB balances for governmental and business type activities at 9/30/2022.</i> | | | |
| 03-000-20604 | DEFERRED OUTFLOW OF RESOURCES-CONTRIBUTIONS | 13,375.00 | 0.00 | |
| 03-000-20612 | DEFERRED INFLOW-ACTUAL EXPERIENCE VS ASSUMPTION | 0.00 | 368.00 | |
| 03-000-20614 | DEFERRED INFLOW-DIFFERENCE IN EXPERIENCE | 0.00 | 12,577.00 | |
| 03-000-20602 | NET PENSION LIABILITY | 41,607.00 | 0.00 | |
| 03-000-20606 | DEFERRED OUTFLOW-INVESTMENT EXPERIENCE | 0.00 | 38,638.00 | |
| 03-600-8023 | TMRS | 0.00 | 3,263.00 | |
| 03-610-8023 | TMRS | 0.00 | 136.00 | |
| 91-000-20604 | DEFERRED OUTFLOW OF RESOURCES-CONTRIBUTIONS | 22,391.00 | 0.00 | |
| 91-000-20612 | DEFERRED INFLOW-ACTUAL EXPERIENCE VS ASSUMPTION | 0.00 | 1,976.00 | |
| 91-000-20614 | DEFERRED INFLOW-DIFFERENCE IN EXPERIENCE | 0.00 | 53,293.00 | |
| 91-000-20602 | NET PENSION LIABILITY | 240,865.00 | 0.00 | |
| 91-000-20606 | DEFERRED OUTFLOW-INVESTMENT EXPERIENCE | 0.00 | 109,398.00 | |
| 91-000-30400 | FUND BALANCE | 0.00 | 98,589.00 | |
| 03-000-20608 | DEFERRED OUTFLOW OF CONTRIBUTIONS | 70.00 | 0.00 | |
| 03-000-20611 | DEFERRED OUTFLOW-CHANGE IN ASSUMPTIONS | 269.00 | 0.00 | |
| 03-000-20600 | OPEB LIABILITY | 0.00 | 4,667.00 | |
| 03-000-20610 | DEFERRED OUTFLOW-ACTUAL EXPERIENCE VS ASSUMPTIO | 37.00 | 0.00 | |
| 03-600-8023 | TMRS | 4,119.00 | 0.00 | |
| 03-610-8023 | TMRS | 172.00 | 0.00 | |
| 91-000-20608 | DEFERRED OUTFLOW OF CONTRIBUTIONS | 101.00 | 0.00 | |
| 91-000-20611 | DEFERRED OUTFLOW-CHANGE IN ASSUMPTIONS | 0.00 | 1,106.00 | |
| 91-000-20600 | OPEB LIABILITY | 0.00 | 5,267.00 | |
| 91-000-20610 | DEFERRED OUTFLOW-ACTUAL EXPERIENCE VS ASSUMPTIO | 2,090.00 | 0.00 | |
| 91-000-30400 | FUND BALANCE | 4,182.00 | 0.00 | |
| Total | | 329,278.00 | 329,278.00 | (892.00) |
| AJE #02 | | | | |
| | <i>To reclassify quarterly state court costs against court revenue at 9/30/2022.</i> | | | |
| 01-000-4700 | COURT FINES | 98,115.00 | 0.00 | |
| 01-130-8605 | PROFESSIONAL SERVICES | 0.00 | 98,115.00 | |
| Total | | 98,115.00 | 98,115.00 | 0.00 |
| AJE #03 | | | | |
| | <i>PBC adjustment to accrue municipal court receivables as of 9/30/2022.</i> | | | |
| 01-000-10509 | ACCOUNTS RECEIVABLE-COURT | 81,965.00 | 0.00 | |
| 01-000-20650 | ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS | 0.00 | 41,025.00 | |
| 01-000-20401 | DEFERRED REVENUE - COURT | 0.00 | 41,025.00 | |
| 01-000-4700 | COURT FINES | 85.00 | 0.00 | |
| Total | | 82,050.00 | 82,050.00 | (85.00) |
| AJE #04 | | | | |
| | <i>PBC adjustment to correct variances due to manual journal entries made when Incode was implemented in FY20.</i> | | | |
| 03-000-10530 | ACCOUNTS RECEIVABLE-WATER | 6,788.00 | 0.00 | |
| 03-000-4620 | WATER SALES | 0.00 | 6,788.00 | |
| 03-000-4630 | SEWER SERVICE | 3,441.00 | 0.00 | |
| 03-000-10540 | ACCOUNTS RECEIVABLE-WASTEWATER | 0.00 | 3,441.00 | |
| 03-000-4620 | WATER SALES | 1,258.00 | 0.00 | |
| 03-000-20404 | DEFERRED REVENUE-WATER OVERPAYMENTS | 0.00 | 1,258.00 | |
| 05-000-10560 | ACCOUNTS RECEIVABLE-SOLID WASTE | 974.00 | 0.00 | |
| 05-000-4640 | SOLID WASTE FEE | 0.00 | 974.00 | |
| Total | | 12,461.00 | 12,461.00 | 3,063.00 |

AJE #05*PBC adjustment to implement GASB #87 related to a 2022 Chevy Tahoe.*

| | | | |
|--------------|--------------------------|-------------------|-------------------|
| 22-900-8953 | Lease - Motor Vehicles | 54,499.00 | 0.00 |
| 22-000-4942 | Lease Proceeds | 0.00 | 54,499.00 |
| 90-000-17301 | Leased Asset | 54,499.00 | 0.00 |
| 90-000-30400 | FUND BALANCE | 0.00 | 54,499.00 |
| 90-900-8995 | Amortization | 1,826.00 | 0.00 |
| 90-000-17700 | Accumulated Amortization | 0.00 | 1,826.00 |
| 91-000-30400 | FUND BALANCE | 54,499.00 | 0.00 |
| 91-000-20550 | Lease Liability | 0.00 | 54,499.00 |
| 22-900-8701 | Principal | 13,550.00 | 0.00 |
| 22-900-8703 | Interest | 908.00 | 0.00 |
| 22-900-8903 | MOTOR VEHICLES | 0.00 | 14,458.00 |
| 22-000-10601 | Prepaid Expenditures | 943.00 | 0.00 |
| 22-900-8701 | Principal | 0.00 | 716.00 |
| 22-900-8703 | Interest | 0.00 | 227.00 |
| Total | | 180,724.00 | 180,724.00 |
| | | | (883.00) |

AJE #06*PBC adjustment to implement GASB #87 related to a police department office building.*

| | | | |
|--------------|--------------------------|-------------------|-------------------|
| 90-000-17301 | Leased Asset | 218,026.00 | 0.00 |
| 90-000-30400 | FUND BALANCE | 0.00 | 218,026.00 |
| 90-900-8995 | Amortization | 31,147.00 | 0.00 |
| 90-000-17700 | Accumulated Amortization | 0.00 | 31,147.00 |
| 91-000-30400 | FUND BALANCE | 48,097.00 | 0.00 |
| 91-000-20550 | Lease Liability | 0.00 | 48,097.00 |
| 90-000-30400 | FUND BALANCE | 159,280.00 | 0.00 |
| 90-000-17700 | Accumulated Amortization | 0.00 | 159,280.00 |
| 91-000-20550 | Lease Liability | 27,283.00 | 0.00 |
| 91-000-30400 | FUND BALANCE | 0.00 | 27,283.00 |
| 01-900-8701 | Principal | 27,283.00 | 0.00 |
| 01-900-8703 | Interest | 317.00 | 0.00 |
| 01-900-8640 | BUILDING RENTAL | 0.00 | 27,600.00 |
| Total | | 511,433.00 | 511,433.00 |
| | | | (3,547.00) |

AJE #07*PBC adjustment to adjust deferred charges on refunding for governmental activities at 9/30/2022.*

| | | | |
|--------------|-------------------------------|-----------------|-----------------|
| 91-000-20405 | Deferred Charges on Refunding | 8,877.00 | 0.00 |
| 91-000-20405 | Deferred Charges on Refunding | 0.00 | 1,430.00 |
| 91-000-30400 | FUND BALANCE | 0.00 | 7,447.00 |
| Total | | 8,877.00 | 8,877.00 |
| | | | 0.00 |

AJE #08*To move prepaid expenditures related to the Chevy Tahoe lease from principal expense to prepaid expenditures.*

| | | | |
|--------------|----------------------|------------------|------------------|
| 22-000-10601 | Prepaid Expenditures | 11,153.00 | 0.00 |
| 22-900-8701 | Principal | 0.00 | 11,153.00 |
| Total | | 11,153.00 | 11,153.00 |

AJE #09*To adjust variances in the trial balance to match the FY22 depreciation schedule.*

| | | | |
|--------------|--------------------------|-------------------|-------------------|
| 03-000-16700 | ACCUMULATED DEPRECIATION | 9,337.00 | 0.00 |
| 03-900-8990 | DEPRECIATION | 0.00 | 9,337.00 |
| 90-000-16700 | ACCUMULATED DEPRECIATION | 93,607.00 | 0.00 |
| 90-000-17301 | Leased Asset | 4,722.00 | 0.00 |
| 90-000-17700 | Accumulated Amortization | 0.00 | 4,603.00 |
| 90-000-30400 | FUND BALANCE | 0.00 | 93,726.00 |
| Total | | 107,666.00 | 107,666.00 |
| | | | 9,337.00 |

AJE #10*PBC adjustment to adjust the allowance for doubtful accounts.*

| | | | |
|--------------|---------------------------------|------------------|--------------------|
| 03-000-4620 | WATER SALES | 9,282.00 | 0.00 |
| 03-000-20650 | ALLOWANCE FOR DOUBTFUL ACCOUNTS | 0.00 | 9,282.00 |
| 05-000-4640 | SOLID WASTE FEE | 911.00 | 0.00 |
| 05-000-20650 | ALLOWANCE FOR DOUBTFUL ACCOUNTS | 0.00 | 911.00 |
| Total | | 10,193.00 | 10,193.00 |
| | | | (10,193.00) |

AJE #11*PBC adjustment to accrue utility billing AR at 9/30/2022.*

| | | | |
|--------------|---|-------------------|-------------------|
| 03-000-10532 | ACCOUNTS RECEIVABLE-WATER ACCRUAL | 206,155.00 | 0.00 |
| 03-000-4620 | WATER SALES | 0.00 | 206,155.00 |
| 03-000-10542 | ACCOUNTS RECEIVABLE-WASTEWATER ACCRUAL | 4,664.00 | 0.00 |
| 03-000-4630 | SEWER SERVICE | 0.00 | 4,664.00 |
| 05-000-10562 | ACCOUNTS RECEIVABLE-SOLID WASTE ACCRUAL | 6,001.00 | 0.00 |
| 05-000-4640 | SOLID WASTE FEE | 0.00 | 6,001.00 |
| Total | | 216,820.00 | 216,820.00 |

AJE #12*To accrue water, wastewater, and solid waste receivables to the AR Aging Report, as of 9/30/2022.*

| | | | |
|--------------|---------------------------------|------------------|------------------|
| 03-000-10530 | ACCOUNTS RECEIVABLE-WATER | 25,461.00 | 0.00 |
| 03-000-4620 | WATER SALES | 0.00 | 25,461.00 |
| 03-000-10540 | ACCOUNTS RECEIVABLE-WASTEWATER | 1,677.00 | 0.00 |
| 03-000-4630 | SEWER SERVICE | 0.00 | 1,677.00 |
| 05-000-10560 | ACCOUNTS RECEIVABLE-SOLID WASTE | 1,758.00 | 0.00 |
| 05-000-4640 | SOLID WASTE FEE | 0.00 | 1,758.00 |
| Total | | 28,896.00 | 28,896.00 |

GRAND TOTAL**1,597,666.00****1,597,666.00****253,669.00**

Client: CITY OF PARKER
Engagement: 2022
Current Period: 9/30/2022
Workpaper: Passed Adjusting Journal Entries

ATTACHMENT II

| Account | Description | Debit | Credit |
|---|--------------------------|--------|--------|
| PAJE #01 | | | |
| <i>To propose a passed adjustment to adjust system AP accounts to the AP detail at 9/30/2022.</i> | | | |
| 01-000-20200 | AP PENDING - DUE TO POOL | | 34,798 |
| 01-900-8905 | Miscellaneous Expenses | 34,798 | |
| | | <hr/> | <hr/> |
| | | 34,798 | 34,798 |

City of Parker, Texas

Annual Financial Report

September 30, 2022

Presented by:
Susan K. LaFollett CPA, Principal
Vail & Park, P.C.
March 7, 2023



Agenda

- ❖ Objectives & Scope of Audit
- ❖ Annual Financial Report
- ❖ Overview of Audit Results
- ❖ Financial Highlights
- ❖ Management Recommendations
- ❖ Required Governance Communications
- ❖ Closing Remarks

Objectives & Scope of Audit

❖ Objectives

- Conduct an audit in accordance with *Government Auditing Standards*.
- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

❖ Full Scope Audit

- Governmental Activities
- Business-type Activities
- Component Unit
- Each Major Fund

Annual Financial Report

❖ Table of Contents

- Independent Auditor's Report (pgs. 1-3)
- Management's Discussion and Analysis (pgs. 7-15)
- Government-Wide Financial Statements (pgs. 18-21)
- Fund Financial Statements (pgs. 22-28)
- Notes to Financial Statements (pgs. 29-58)
- Required Supplementary Information (pgs. 61-66)
- Other Supplementary Information (pgs. 68-75)
- Compliance and Internal Control Section (pgs. 79-80)

Overview of Audit Results

- ❖ Independent Auditors Report (pgs. 1-3)
 - **Unmodified Audit Opinion**
 - **Clean Opinion**
 - **No issues**

Overview of Audit Results

- ❖ 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* (pgs. 79-80):
 - *No material weaknesses, significant deficiencies, or other control matters were identified*

Financial Highlights

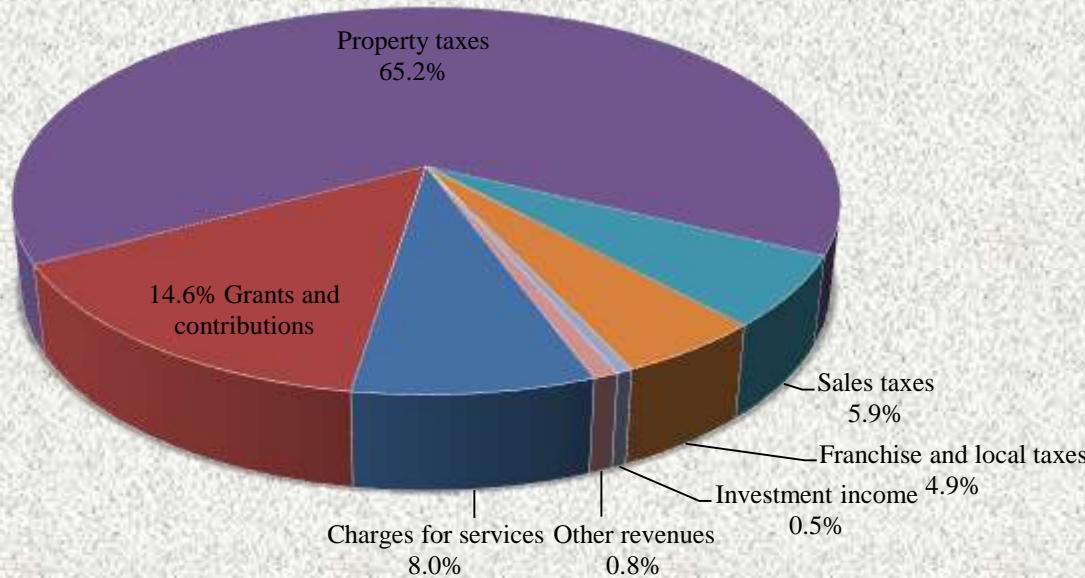
Government-Wide Financial Statements

❖ Full Accrual Basis:

- Net position of the City is \$62,694,255 (pg. 19) at FY22.
- Overall, net position of the City increased by \$2,860,573 (pg. 21) or 5%.
- Unrestricted net position of the City is \$11,597,770 (pg. 19) at FY22.

Financial Highlights – Governmental Activities

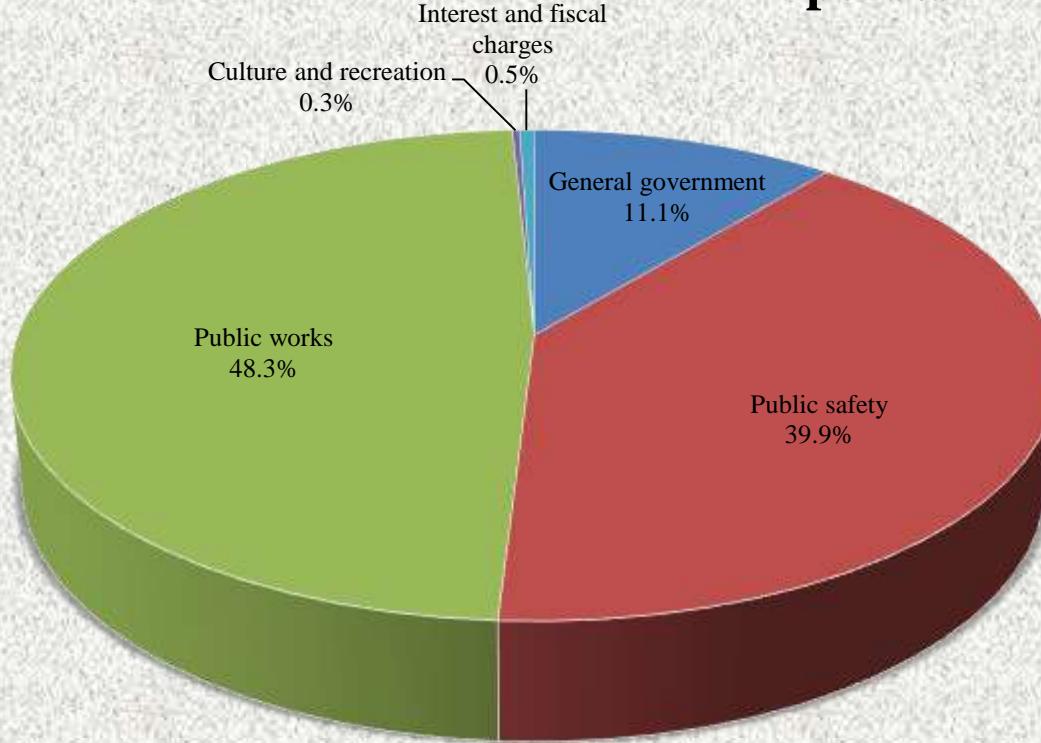
Governmental Activities - Revenues



- ❖ Governmental activities revenues totaled \$9,907,801, which is an increase of \$822,973, or 14%, attributable to:
 - Increased capital contributions (by \$1,003,849).

Financial Highlights – Governmental Activities

Governmental Activities - Expenses



- ❖ Governmental activities expenses totaled \$6,322,798 which is a decrease of \$262,279 or 4%, attributable to
 - A decrease of \$397,645 in general government expenses
 - A decrease of 277,864 in public safety expenses.
- ❖ Largest functional expense is public works of \$3,052,147

Financial Highlights

Fund Statements – General Fund

- ❖ General Fund unassigned fund balances (pg. 22):
 - \$5,017,117 at FY21
 - \$5,534,942 at FY22
 - Increase of \$517,825
 - These funds can be used to meet the City's ongoing obligations.
 - Balances represents 17 months reserves at FY22.
 - 3 to 6 months reserves are optimal.

Financial Highlights

General Fund – Budget to Actual

- ❖ General Fund revenues (pg. 61):
 - Final budget \$5,349,423
 - Actual \$5,529,437
 - Positive variance of \$180,014
- ❖ General Fund expenditures (pg. 61):
 - Final budget \$4,218,075
 - Actual \$3,832,324
 - Positive variance of \$385,751
- ❖ General Fund other financing sources (uses) (pg. 61):
 - Final budget \$1,252,500
 - Actual \$1,202,500
 - Positive variance of \$50,000
- ❖ Net Change in fund balances \$615,765

Financial Highlights

Fund Statements – Water & Sewer

- ❖ Water & Sewer Fund unrestricted net position (pg. 26):
 - \$6,026,078 at FY21
 - \$4,959,251 at FY22
 - Decrease of \$1,066,827
- ❖ Total net position increased by \$2,176,418 (pg. 27) or 10%.

Required Governance Communications Letter

- ❖ Miscellaneous matters discussed in this letter (unbound):
 - Corrected misstatements -
 - *All recommended adjustments were accepted by the City – see list at Attachment I*

Closing Remarks

- ❖ We would like to thank:
 - Luke Olson – City Manager
 - Grant Savage - Finance Director
 - *These individuals were very responsive to our audit requests.*

- ❖ Questions or Comments?



Council Agenda Item

| | | |
|----------------------------------|------------------------|---|
| Budget Account Code: | Meeting Date: | See above. |
| Budgeted Amount: | Department/ Requestor: | Council |
| Fund Balance-before expenditure: | Prepared by: | City Secretary Scott Grey for City Administrator Olson |
| Estimated Cost: | Date Prepared: | February 27, 2023 |
| Exhibits: | <u>None</u> | |

AGENDA SUBJECT

UPDATE(S):

FM2551

SUMMARY

Please review information provided.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

| Inter – Office Use | | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Approved by: | Enter Text Here | | |
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |



Council Agenda Item

| | |
|-------------------------------------|--|
| Budget Account Code: | Meeting Date: See above. |
| Budgeted Amount: | Department/ Requestor: Council |
| Fund Balance-before expenditure: | Prepared by: ACA/CS Scott Grey |
| Estimated Cost: | Date Prepared: February 27, 2023 |
| Exhibits: | <u>Future Agenda Items</u> |

AGENDA SUBJECT

FUTURE AGENDA ITEMS

SUMMARY

Please review information provided.

POSSIBLE ACTION

City Council may direct staff to take appropriate action.

Inter – Office Use

| Approved by: | Enter Text Here | | |
|--------------------------------|--------------------------|-------|-------------------------|
| Department Head/ Requestor: | <i>Patti Scott Grey</i> | Date: | 03/02/2023 |
| Interim City Attorney: | <i>Catherine Clifton</i> | Date: | 03/02/2023 via Municode |
| City Administrator: | <i>Luke B. Olson</i> | Date: | 03/03/2023 |

| AGENDA DATE | ITEM DESCRIPTION | CONTACT | Notes |
|--------------------------------|---|-----------------|---|
| Feb(Mar), May (July), Aug, Nov | Investment Quarterly Report | Savage | 4th Qtr 2023 0221CC Agenda |
| | Council Committee Updates | Council | |
| | Public Safety Committee (MLP, MPTMS, & CMDA) | Council | 2022 1115 and 2022 1206 |
| | Website Dev. Subcommittee (CMCM, CMTL, & MLP) | Council | 2022 1115 |
| Tentatively - April 18, 2023 | Cancel/Reschedule May 2, 2023 CC Mtg - EV | C'Sec | Check w/Mayor Pettle |
| Tentatively - 2023 | Town Hall/Workshop - Developers/Builders/Residents | Mayor/MPT | 2023 0221 MPT Requested |
| Tentatively - 2023 | CIP Workshop | Mayor | Added 2023 0208 - 4 hrs |
| Tentatively - 2023 | Updating Rs. No. 2022-701 - Alt. Prosecuting Attorney Trey Lansford | Pettle/C'Sec | Remv'd from 2023 0221 - Mayor pushed, but soon. |
| Tentatively - 2023 | Enterprise Fleet Management | Council | Added 2023 0117 |
| Tentatively - 2023 | Water Rate Ord. | Pettle/Olson | Added 2023 0111 Mayor Agenda Meeting |
| Tentatively - 2023 | Fences in Drainage Easements | Lynch | Requested @ 2022 0802 CC Mtg |
| Tentatively - 2023 | Oncor & Frontier Franchise (AI!?) - Review Ongoing | Savage | 2021 0615 added - When due |
| Tentatively - 2023 | Boards & Commissions - Attendance Policy Review | Mayor &CM Meyer | Added at 2022 1115 CC Meeting |
| | 2023 Election - May 6, 2023 | C'Sec | |
| Tentatively - May 16, 2023 | Canvass, Oaths, Appointing Mayor Pro Tem, Recognizing outgoing & Reception for incoming | Pettle/C'Sec | |
| Tentatively - June 2024 | PWC Donations?? | Check w/Pettle | Waiting for direction |
| June, 2023 | Prompt for Vacations | Scott Grey | Send email March - May |