

CITY OF CENTER  
Center, Texas

ANNUAL FINANCIAL REPORT

September 30, 2023

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CITY OF CENTER, TEXAS  
PRINCIPAL CITY OFFICIALS  
September 30, 2023

GOVERNING BODY

Honorable David Chadwick, Mayor

CITY COUNCIL

Leigh Porterfield - Mayor Pro-Tem

Joyce Johnson - District 1

Jerry Lathan - District 2

Howell Howard - District 3

Randy Collard - District 4

Terry Scull - At Large

OTHER PRINCIPAL OFFICIALS

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

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Center  
Center, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Center, as of and for the year ended September 30, 2023, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Center, as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The component unit financial statements, combining nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lufkin, Texas  
April 22, 2024

  
CERTIFIED PUBLIC ACCOUNTANTS





## Management's Discussion and Analysis

As management of the City of Center, Texas, we offer readers of the City of Center's financial statements this narrative overview and analysis of the financial activities of the City of Center (City) for the fiscal year ended September 30, 2023.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a total net position of \$34,904,903 which is a decrease of \$461,690 (*net position*).
- Governmental activities change in net position decreased \$1,109,160 to \$21,658,445 mostly from increased expenses from ARPA related project expenditures.
- The City's governmental funds reported combined ending fund balances of \$4,343,939 a decrease of \$772,482 from the prior year of \$5,116,421, mostly as a result of increased expenditures of ARPA funds and reduced revenues from grant and contributions.
- The fund balance for the general fund was \$2,702,520 or 39% of total general fund expenditures and decreased \$399,291 during this fiscal year.
- The Water and Sewer Fund operating revenues exceeded expenses resulting in operating income of \$268,955 and the fund increased net position by \$565,431 to \$12,683,034.
- Combined Business Activities increased Net Position by \$647,470 to \$13,246,458.
- The combined non-major governmental funds experienced a decrease in fund balance of \$772,482 to \$4,343,939 primarily due to increased expenditures of ARPA funds and reduced revenues from grants and contributions.
- The 4B Street Improvements for Economic Development is shown as a component unit of the City. The annual street program is recorded as an expense \$698,366 in the Governmental Funds so that the asset can be recorded.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,658,445 at the close of fiscal year 2023 for governmental activity. This represents a decrease of \$1,109,160 from the 2022 net position of \$22,767,605.

By far the largest portion of the City's assets in governmental activity (\$16,931,607), 78%, reflects its net investment in capital assets (e.g., land, buildings, vehicles and equipment), less the outstanding balance of related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This year's net position values indicate increases because of acquisition and construction of assets through the Capital Projects Fund.

### City of Center's Combined Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 6 196 262	\$ 6 702 694	\$ 3 072 835	\$ 3 113 724	\$ 9 269 097	\$ 9 816 418
Capital assets (net of depreciation)	25 336 846	26 119 579	15 969 439	15 608 547	41 306 285	41 728 126
Total Assets	31 533 108	32 822 273	19 042 274	18 722 271	50 775 382	51 544 544
Deferred outflow	1 763 262	527 661	606 476	186 786	2 369 738	714 447
Long-term liabilities outstanding	9 133 649	8 288 942	5 367 052	5 320 011	14 500 701	13 608 953
Other liabilities	1 204 152	1 286 080	954 079	958 566	2 158 231	2 244 646
Total Liabilities	10 337 801	9 575 022	6 321 131	6 278 577	16 658 932	15 853 599
Deferred inflow	1 300 124	1 702 386	281 161	447 066	1 581 285	2 149 452
Net Position:						
Net Investment in capital assets	16 931 607	17 560 251	10 764 439	10 093 547	27 696 046	27 653 798
Restricted	1 641 419	2 014 610	527 190	709 427	2 168 609	2 724 037
Unrestricted	3 085 419	3 192 744	1 954 829	1 796 014	5 040 248	4 988 758
Total Net Position	\$ 21 658 445	\$ 22 767 605	\$ 13 246 458	\$ 12 598 988	\$ 34 904 903	\$ 34 255 940

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

An additional portion of the City's net position, \$1,641,419 (7%), represents resources that are subject to external restrictions on how they may be used.

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

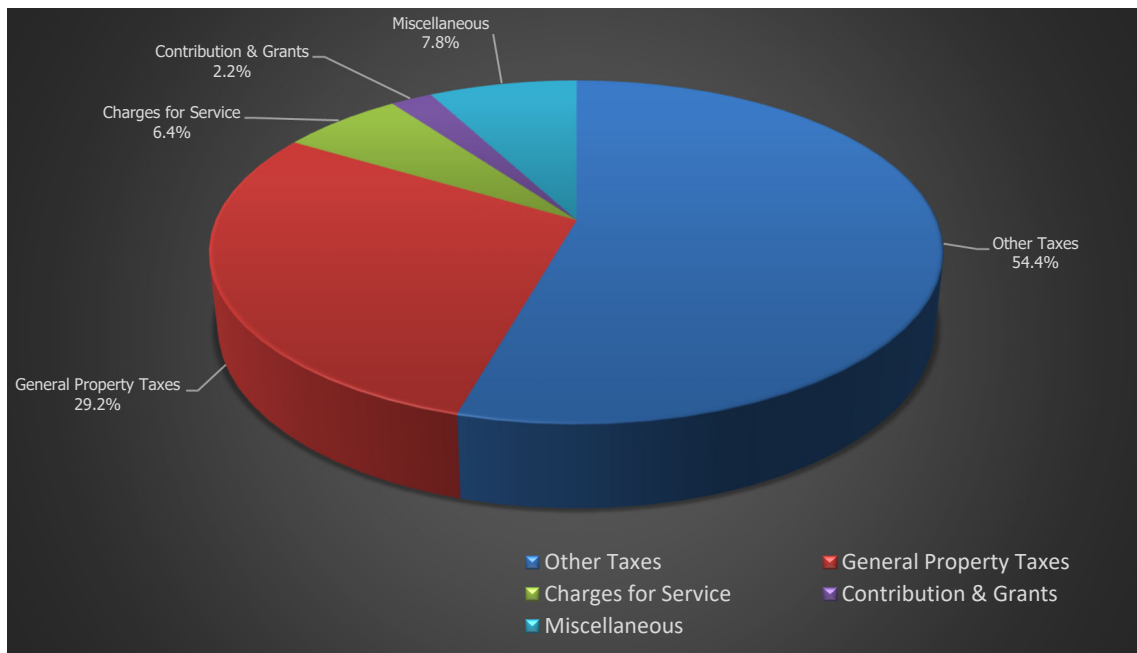
### City of Center's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$ 471 958	\$ 640 319	\$ 6 372 449	\$ 6 215 266	\$ 6 844 407	\$ 6 855 585
Operating grants and contributions	85 559	865 759	41 727	593 828	127 286	1 459 587
Capital grants and contributions	77 456	-	-	-	77 456	-
General Revenues:						
Property taxes	2 157 051	1 985 002	-	-	2 157 051	1 985 002
Other taxes	4 022 790	3 682 986	-	-	4 022 790	3 682 986
Other	575 071	330 055	125 689	23 870	700 760	353 925
Total Revenues	7 389 885	7 504 121	6 539 865	6 832 964	13 929 750	14 337 085
Expenses:						
General government	2 266 959	1 275 439	-	-	2 266 959	1 275 439
Public safety	3 111 493	2 482 501	-	-	3 111 493	2 482 501
Community services	1 323 665	1 227 532	-	-	1 323 665	1 227 532
Streets and drainage	2 188 963	879 607	-	-	2 188 963	879 607
Sanitation	-	-	1 669 206	1 520 969	1 669 206	1 520 969
Inspections	87 852	83 010	-	-	87 852	83 010
Interest on long-term debt	327 745	214 060	-	-	327 745	214 060
Water and sewer	-	-	4 214 227	3 683 922	4 214 227	3 683 922
Total Expenses	9 306 677	6 162 149	5 883 433	5 204 894	15 190 110	11 367 040
Transfers	807 632	1 299 584	(8 962)	(716 594)	798 670	582 990
Change in net position	\$ (1 109 160)	\$ 2 641 556	\$ 647 470	\$ 911 479	\$ (461 690)	\$ 3 553 035

**Governmental Activities.** Governmental activities decreased the City of Center's net position by \$1,109,160. Key elements of this increase are as follows:

- Governmental Fund expenditures exceeded revenues by \$1,109,160. This is mostly from increased expenditures of ARPA funds for projects.
- Governmental Expenses increased \$3,144,528 from prior year expenses due the expenditures for personnel and broadband incentive.

### Revenues by Source - All Governmental Activities



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

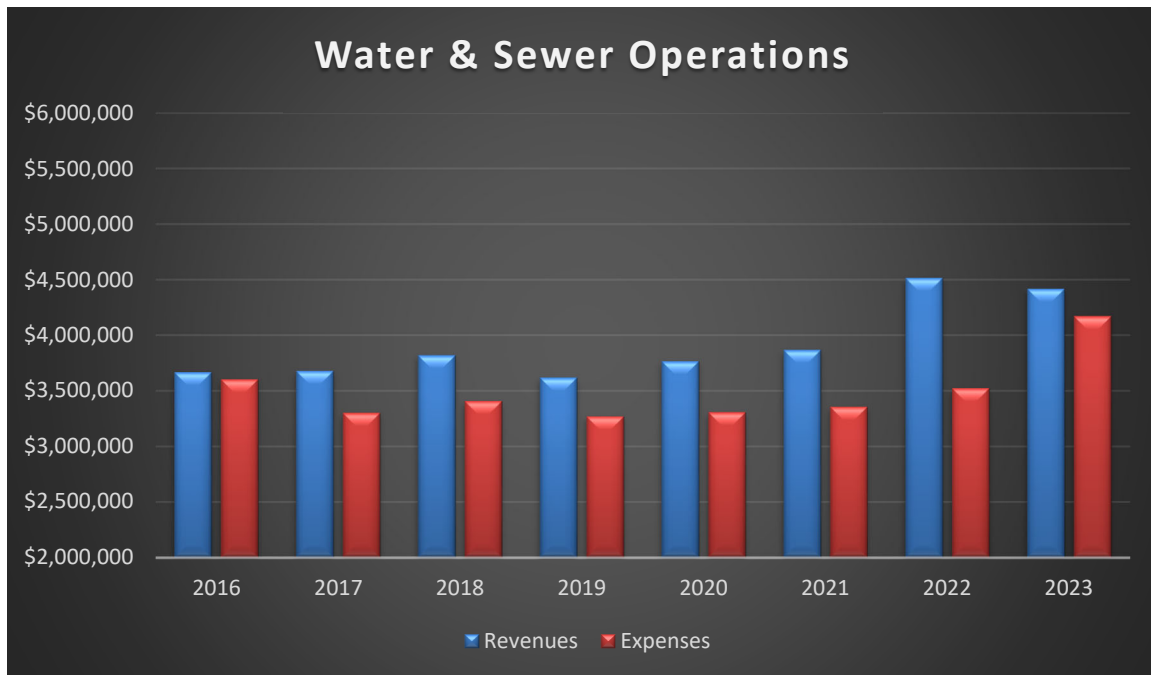
**Business-Type Activities.** Business-type activities increased the total government's net position by \$647,470. Key elements of this change are as follows:

- Operating revenues decreased \$293,099 to \$6,539,865 from \$6,832,964.
- Operating expenses increased \$678,539 to \$5,883,433 from \$5,204,894.
- Operating revenues exceeded expenses resulting in Net Operating Income of \$647,470.



- Including non-operating expenses, primarily costs of debt and transfers, Change in Net Position is \$647,470. Transfers includes transfers to the General Fund, Debt Fund, Technology Fund, and Capital Improvement Fund.

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



As a component of Total Net Position, the Unrestricted Net Position of the Proprietary Funds at the end of the current fiscal year is \$1,954,458. Other factors concerning these funds have been addressed in the discussion of the City's business-type activities.

**Internal Service Funds.** The City operates two Internal Service Funds: the Technology Fund and Equipment Replacement Fund. The Technology Fund was fully capitalized in FY 2018 by transfers from the General and Utility Funds. The Equipment Replacement Fund was created in FY 2018 and was fully capitalized in FY 2019. The net position for the Equipment Replacement Fund increased by \$182,119 from \$778,828 to \$960,947. The Technology Fund net position increased by \$48,067 from \$328,922 to \$376,989.

### Financial Analysis of the Government's Funds

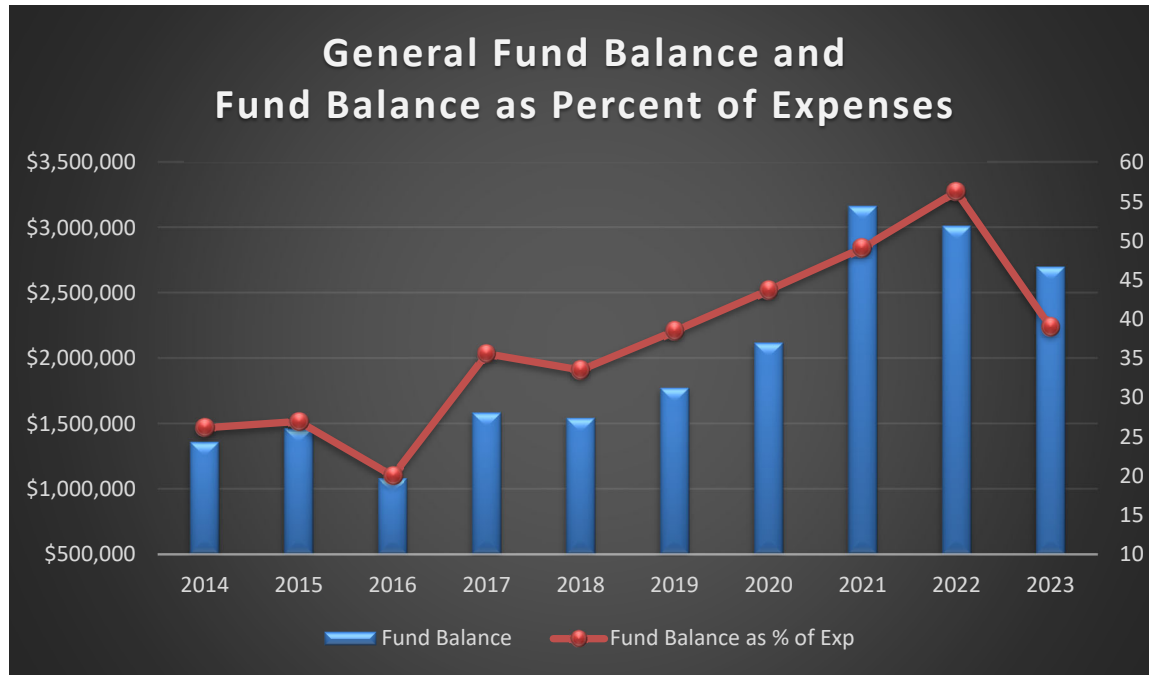
As noted earlier, the City of Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Center's governmental funds reported combined ending fund balances of \$4,343,939, a decrease of \$772,482 from the prior year. Approximately 62% of this total amount, \$2,702,530, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remaining 38% of fund balance is *restricted* to indicate that it is not available for spending because it has already been committed and dedicated to 1) pay debt service, 2) for perpetual trust 3) for capital projects or 4) grant projects.

The general fund is the chief operating fund of the City of Center. At the end of the current fiscal year, total general fund balance was \$2,702,520. The fund balance of the City's general fund decreased by \$399,291 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 39% of total general fund operational expenditures. The City Council established a minimum fund balance policy of 25% of annual expenditures.

## General Fund Budgetary Highlights



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

A review of the final amended budget compared to actual revenues/expenditures presents a number of variances. Total revenues increased from the budget by \$258,099. Total expenditures decreased from the budget by \$162,634.

### Capital Asset and Debt Administration

**Capital Assets.** The City of Center's investment in capital assets for its governmental and business-type activities amounts to \$41,306,285 (net of accumulated depreciation) at the end of the current fiscal year decreasing from last year's amount of \$41,728,126. This investment in capital assets includes land, buildings, improvements, vehicles and equipment. Due to the size of the City, past asset valuations for major infrastructure (streets, bridges, drainage, etc.) are not required to comply with reporting requirements, however beginning in fiscal year 2004, the City began prospectively accumulating values for these major capital assets.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 73 072	\$ 73 072	\$ 665 250	\$ 665 250	\$ 738 322	\$ 738 322
Buildings	5 912 890	6 134 104	-	-	5 912 890	6 134 104
Improvements other than buildings	4 292 795	4 095 054	-	-	4 292 795	4 095 054
Machinery and equipment	1 712 462	1 321 739	628 652	702 664	2 341 114	2 024 403
Buildings and systems	-	-	14 536 861	13 377 686	14 536 861	13 377 686
Infrastructure	13 345 627	12 968 127	-	-	13 345 627	12 968 127
Construction in progress	-	1 527 483	138 676	862 947	138 676	2 390 430
<b>TOTAL</b>	<b>\$ 25 336 846</b>	<b>\$ 26 119 579</b>	<b>\$ 15 969 439</b>	<b>\$ 15 608 547</b>	<b>\$ 41 306 285</b>	<b>\$ 41 728 126</b>

**Long-Term Debt.** At the end of the current fiscal year, the City of Center had total bonded debt outstanding of \$12,775,000, a decrease from last year's total bonded debt of \$13,640,000. All is backed by the full faith and credit of the government.

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

#### City of Center's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 7 570 000	\$ 8 125 000	\$ 5 205 000	\$ 5 515 000	\$ 12 775 000	\$ 13 640 000
Compensated absences	148 438	139 375	55 955	55 545	204 393	194 920
Notes payable	374 625	434 328	-	-	374 625	-
Leases payable	378 225	-	-	-	378 225	-
SBITA payable	82 389	-	-	-	82 389	434 328
<b>TOTAL</b>	<b>\$ 8 388 899</b>	<b>\$ 8 698 703</b>	<b>\$ 5 260 955</b>	<b>\$ 5 570 545</b>	<b>\$ 13 649 854</b>	<b>\$ 14 269 248</b>

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

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

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

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

- The unemployment rate as of August 2023 for Shelby County, according to Texas Workforce Commission statistics, is 6.4%. The unemployment rates for August 2023, according to the Texas Workforce Commission, are 3.9% for the State of Texas and 4.3% for the Deep East Texas Region.
- The City's total state sales tax receipts, including the 62.5% for governmental purposes and the two Economic Development Corporations, for the current fiscal year, totaled \$4,310,512 an increase of \$300,413 or 7.5% from the previous year \$4,010,099. This primarily reflects a return of oil and gas industry activities in the region.
- Economic trends in the area are stabilizing relative to state and national indices and trends.

All of these factors were considered in preparing the City of Center's budget for the 2024 fiscal year.

#### **Requests for Information**

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

## FINANCIAL STATEMENTS

CITY OF CENTER, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2023

	PRIMARY GOVERNMENT			
	GOVERNMENTAL	BUSINESS- TYPE	TOTAL	COMPONENT
	ACTIVITIES	ACTIVITIES		UNITS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 258 315	\$ 228 095	\$ 486 410	\$ 41 896
Investments	4 413 131	1 797 503	6 210 634	4 122 938
Receivables	1 273 739	586 166	1 859 905	345 672
Prepaid expenses	88 931	-	88 931	-
Inventories	162 121	133 881	296 002	-
Due from other funds	25	-	25	-
Restricted Assets:				
Cash and cash equivalents	-	319 551	319 551	-
Investments	-	207 639	207 639	-
Capital assets (net of accumulated depreciation)	25 336 846	15 969 439	41 306 285	289 530
<b>TOTAL ASSETS</b>	<b>31 533 108</b>	<b>19 242 274</b>	<b>50 775 382</b>	<b>4 800 036</b>
<b>DEFERRED OUTFLOWS</b>				
Deferred outflow - Pension	1 433 868	493 239	1 927 107	-
Deferred outflow - OPEB	27	7	34	-
Deferred outflow - Subsequent contribution - Pension	322 914	111 080	433 994	-
Deferred outflow - Subsequent contribution - OPEB	6 453	2 150	8 603	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>1 763 262</b>	<b>606 476</b>	<b>2 369 738</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>33 296 370</b>	<b>19 848 750</b>	<b>53 145 120</b>	<b>4 800 036</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	96 132	385 464	481 596	-
Accrued liabilities	101 102	16 847	117 949	-
Due to other funds	-	25	25	-
Accrued interest payable	39 999	19 062	59 061	-
Premium on bond issue	318 331	-	318 331	-
Customer deposits payable	-	217 681	217 681	-
Due within one year	672 224	315 000	987 224	-
Noncurrent Liabilities:				
Due in more than one year	7 733 015	4 890 000	12 623 015	-
Accrued compensated absences	148 438	55 955	204 393	-
Pension liabilities	1 087 434	374 069	1 461 503	-
OPEB liabilities	141 126	47 028	188 154	-
<b>TOTAL LIABILITIES</b>	<b>10 337 801</b>	<b>6 321 131</b>	<b>16 658 932</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflows - Pension	774 066	266 273	1 040 339	-
Deferred inflows - OPEB	42 671	14 888	57 559	-
Unavailable revenues	483 387	-	483 387	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>1 300 124</b>	<b>281 161</b>	<b>1 581 285</b>	<b>-</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>11 637 925</b>	<b>6 602 292</b>	<b>18 240 217</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	16 931 607	10 764 439	27 696 046	289 530
Restricted for:				
Debt service	138 508	-	138 508	-
Grants	1 249 208	-	1 249 208	-
Capital projects	85 744	527 190	612 934	-
Perpetual care	167 959	-	167 959	-
Unrestricted	3 085 419	1 954 458	5 040 248	4 510 506
<b>TOTAL NET POSITION</b>	<b>\$ 21 658 445</b>	<b>\$ 13 246 458</b>	<b>\$ 34 904 903</b>	<b>\$ 4 800 036</b>

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

CITY OF CENTER, TEXAS  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 2 266 959	\$ 6 133	\$ 37 024	\$ -
Public safety	3 111 493	19 215	48 535	-
Community services	1 323 665	410 466	-	77 456
Streets and drainage	2 188 963	-	-	-
Inspections	87 852	36 144	-	-
Interest on long-term debt	327 745	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>9 306 677</u>	<u>471 958</u>	<u>85 559</u>	<u>77 456</u>
Business-Type Activities:				
Water and sewer fund	4 214 227	4 442 124	41 727	-
Sanitation fund	1 669 206	1 930 325	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>5 883 433</u>	<u>6 372 449</u>	<u>41 727</u>	<u>-</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 15 190 110</u>	 <u>\$ 6 844 407</u>	 <u>\$ 127 286</u>	 <u>\$ 77 456</u>
Component Units:				
Economic Development	\$ 1 118 544	\$ -	\$ -	\$ -
Economic Development Street Improvement	34 354	-	-	-
Local Government Housing Corp	2 560	-	-	-
TOTAL COMPONENT UNITS	<u>\$ 1 155 458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel taxes				
Other taxes and permits				
Fines and fees				
Unrestricted investment earnings				
Other unrestricted revenue				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
Net position - Beginning				
NET POSITION - ENDING				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	ECONOMIC DEVELOPMENT CORPORATIONS
\$ (2 223 802)	\$ -	\$ (2 223 802)	\$ -
(3 043 743)	-	(3 043 743)	-
(835 743)	-	(835 743)	-
(2 188 963)	-	(2 188 963)	-
(51 708)	-	(51 708)	-
(327 745)	-	(327 745)	-
(8 671 704)	-	(8 671 704)	-
-	269 624	269 624	-
-	261 119	261 119	-
-	530 743	530 743	-
(8 671 704)	530 743	(8 140 961)	-
-	-	-	(1 118 544)
-	-	-	(34 354)
-	-	-	(2 560)
-	-	-	(1 155 458)
2 157 051	-	2 157 051	-
2 708 313	-	2 708 313	1 625 562
758 045	-	758 045	-
472 437	-	472 437	-
83 995	-	83 995	-
188 357	-	188 357	-
271 765	123 354	395 119	182 834
114 949	2 335	117 284	18 500
807 632	(8 962)	798 670	(798 366)
7 562 544	116 727	7 679 271	1 028 530
(1 109 160)	647 470	(461 690)	(126 928)
22 767 605	12 598 988	35 366 593	4 926 964
\$ 21 658 445	\$ 13 246 458	\$ 34 904 903	\$ 4 800 036

CITY OF CENTER, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2023

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95 732	\$ (1 803)	\$ 165 917	\$ 259 846
Investments	2 168 787	87 647	1 296 873	3 553 307
Receivables (Net of Uncollectibles):				
Taxes	342 321	-	-	342 321
Accounts	-	-	332 040	332 040
Court fines receivable	240 065	-	-	240 065
Governmental agencies	215 475	-	-	215 475
Sundry	83 515	-	-	83 515
Leases	60 323	-	-	60 323
Due from other funds	70 453	-	500	70 953
Prepaid expenses	88 931	-	-	88 931
Inventories	162 121	-	-	162 121
<b>TOTAL ASSETS</b>	<b>\$ 3 527 723</b>	<b>\$ 85 844</b>	<b>\$ 1 795 330</b>	<b>\$ 5 408 897</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 65 926	\$ -	\$ 1 584	\$ 67 510
Accrued liabilities	100 069	-	743	100 812
Due to other funds	500	100	70 328	70 928
<b>TOTAL LIABILITIES</b>	<b>166 495</b>	<b>100</b>	<b>72 655</b>	<b>239 250</b>
Deferred Inflows:				
Unavailable revenue	658 708	-	167 000	825 708
<b>TOTAL DEFERRED INFLOWS</b>	<b>658 708</b>	<b>-</b>	<b>167 000</b>	<b>825 708</b>
Fund Balances:				
Nonspendable	251 052	-	-	251 052
Restricted for:				
Debt service	-	-	138 508	138 508
Grants	-	-	1 249 208	1 249 208
Other purposes	-	85 744	167 959	253 703
Unassigned:				
General fund	2 457 468	-	-	2 457 467
<b>TOTAL FUND BALANCES</b>	<b>2 702 520</b>	<b>85 744</b>	<b>1 555 675</b>	<b>4 343 939</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 3 527 723</b>	<b>\$ 85 844</b>	<b>\$ 1 795 330</b>	
Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				25 336 846
An internal service fund is used for equipment acquisition and replacement. The governmental funds' share of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position				1 326 353
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds				342 321
Long-term liabilities, including bonds, pensions, and other post-employment benefits, are not due and in the current period and, therefore, are not reported in the funds				(9 691 014)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>				<b>\$ 21 658 445</b>

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



CITY OF CENTER, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2023

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
General property taxes	\$ 1 471 728	\$ -	\$ 659 419	\$ 2 131 147
Other local taxes and permits	3 512 346	-	510 444	4 022 790
Fines and fees	176 580	-	11 777	188 357
Charges for services	370 314	-	101 644	471 958
Contributions and grants	54 322	-	108 693	163 015
Miscellaneous	16 334	-	25 565	41 899
TOTAL REVENUES	<u>5 601 624</u>	<u>-</u>	<u>1 417 542</u>	<u>7 019 166</u>
Expenditures:				
General government	2 562 978	-	-	2 562 978
Public safety	2 900 490	-	533	2 901 023
Community services	828 189	-	251 084	1 079 273
Streets and drainage	542 165	-	698 366	1 240 531
Inspections	88 497	-	-	88 497
Capital outlay	-	37 533	-	37 533
Debt Service:				
Principal	-	-	620 979	620 979
Interest and fiscal charges	-	-	306 064	306 064
TOTAL EXPENDITURES	<u>6 922 319</u>	<u>37 533</u>	<u>1 877 026</u>	<u>8 836 878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1 320 695)</u>	<u>(37 533)</u>	<u>(459 484)</u>	<u>(1 817 712)</u>
Other Financing Sources (Uses):				
Interest income	146 112	3 315	88 171	237 598
Transfers in	846 114	42 308	966 239	1 854 661
Transfers (out)	<u>(70 822)</u>	<u>-</u>	<u>(976 207)</u>	<u>(1 047 029)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>921 404</u>	<u>45 623</u>	<u>78 203</u>	<u>1 045 230</u>
NET CHANGE IN FUND BALANCES	(399 291)	8 090	(381 281)	(772 482)
Fund balances at beginning of year	<u>3 101 811</u>	<u>77 654</u>	<u>1 936 956</u>	<u>5 116 421</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2 702 520</u>	<u>\$ 85 744</u>	<u>\$ 1 555 675</u>	<u>\$ 4 343 939</u>

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

CITY OF CENTER, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2023

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

Net change in fund balances - Total governmental funds	\$ (772 482)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital depreciation exceeded outlays in the current period.	(1 221 827)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	25 904
Internal service net revenues are reported with governmental activities and the expenses not recovered through user charges are allocated to the participating funds.	230 186
The issuance of long-term debt (e.g., bonds, notes, and pension and other post provides current employment benefits) financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debts and other related items.	<u>629 059</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>(1 109 160)</u></u>

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

CITY OF CENTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2023

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 236 595	\$ (8 500)	\$ 228 095	\$ (6 542)	\$ 5 011
Investments	1 256 587	540 916	1 797 503	479 862	379 962
Receivables (Net):					
Accounts	368 178	190 428	558 606	-	-
Sundry	27 560	-	27 560	-	-
Inventories	133 881	-	133 881	-	-
TOTAL CURRENT ASSETS	2 022 801	722 844	2 745 645	473 320	384 973
Noncurrent Assets:					
Restricted cash	319 551	-	319 551	-	-
Restricted investments	207 639	-	207 639	-	-
Capital Assets:					
Land	665 250	-	665 250	-	-
Utility systems	35 279 429	-	35 279 429	-	-
Equipment	3 838 808	17 422	3 856 230	2 095 467	-
Right of use asset	-	-	-	-	125 834
Construction in progress	138 676	-	138 676	-	-
Less accumulated depreciation	(23 952 724)	(17 422)	(23 970 146)	(1 004 491)	(22 517)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	15 969 439	-	15 969 439	1 090 976	103 317
TOTAL NONCURRENT ASSETS	16 496 629	-	16 496 629	1 090 976	103 317
TOTAL ASSETS	18 519 430	722 844	19 242 274	1 564 296	488 290
<b>DEFERRED OUTFLOWS</b>					
Deferred outflow - Pension	493 239	-	493 239	-	-
Deferred outflow - Subsequent contributions pensions	111 080	-	111 080	-	-
Deferred outflow - OPEB	7	-	7	-	-
Deferred outflow - Subsequent contributions OPEB	2 150	-	2 150	-	-
TOTAL DEFERRED OUTFLOWS	606 476	-	606 476	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	19 125 906	722 844	19 848 750	1 564 296	488 290
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	226 044	159 420	385 464	-	28 622
Accrued expense	16 847	-	16 847	-	290
Due to other funds	25	-	25	-	-
Debt payable - Current	315 000	-	315 000	33 126	40 462
Accrued interest payable	19 062	-	19 062	3 389	-
Customer deposits payable	217 681	-	217 681	-	-
TOTAL CURRENT LIABILITIES	794 659	159 420	954 079	36 515	69 374
Noncurrent Liabilities:					
Compensated absences	55 955	-	55 955	-	-
Pension liability	374 069	-	374 069	-	-
OPEB liability	47 028	-	47 028	-	-
Long term debt payable	4 890 000	-	4 890 000	566 834	41 927
TOTAL NONCURRENT LIABILITIES	5 367 052	-	5 367 052	566 834	41 927
TOTAL LIABILITIES	6 161 711	159 420	6 321 131	603 349	111 301
<b>DEFERRED INFLOWS</b>					
Deferred inflow - Pension	266 273	-	266 273	-	-
Deferred inflow - OPEB	14 888	-	14 888	-	-
TOTAL DEFERRED INFLOWS	281 161	-	281 161	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	6 442 872	159 420	6 602 292	-	-
<b>NET POSITION</b>					
Net investment in capital assets	10 764 439	-	10 764 439	491 016	20 928
Restricted for capital projects	527 190	-	527 190	-	-
Unrestricted	1 391 405	563 424	1 954 829	469 931	356 061
TOTAL NET POSITION	\$ 12 683 034	\$ 563 424	\$ 13 246 458	\$ 960 947	\$ 376 989

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

CITY OF CENTER, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Operating Revenues:					
Charges for service	\$ 4 318 527	\$ 1 929 136	\$ 6 247 663	\$ 370 467	\$ 233 900
Taps and connections	6 495	-	6 495	-	-
Miscellaneous	117 102	1 189	118 291	-	-
TOTAL OPERATING REVENUES	4 442 124	1 930 325	6 372 449	370 467	233 900
Operating Expenses:					
Nondepartmental	225 037	-	225 037	5 712	180 841
Public works	312 904	-	312 904	-	-
Water production	1 509 089	-	1 509 089	-	-
Water distribution	375 447	-	375 447	-	-
Sewer collection	279 240	-	279 240	-	-
Sewer treatment	834 385	-	834 385	-	-
Sanitation	-	1 669 206	1 669 206	-	-
Depreciation	648 224	-	648 224	270 225	22 517
TOTAL OPERATING EXPENSES	4 184 326	1 669 206	5 853 532	275 937	203 358
OPERATING INCOME	257 798	261 119	518 917	94 530	30 542
Nonoperating Revenues (Expenses):					
Income from investments	102 434	20 920	123 354	16 642	17 525
Other revenue	2 335	-	2 335	73 050	-
Interest expense	(29 901)	-	(29 901)	(2 103)	-
Grants and contributions	41 727	-	41 727	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	116 595	20 920	137 515	87 589	17 525
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	374 393	282 039	656 432	182 119	48 067
Operating transfers in (out)	191 038	(200 000)	(8 962)	-	-
TOTAL NET OPERATING TRANSFERS	191 038	(200 000)	(8 962)	-	-
CHANGE IN NET POSITION	565 431	82 039	647 470	182 119	48 067
Beginning net position	12 117 603	481 385	12 598 988	778 828	328 922
NET POSITION, END OF YEAR	\$ 12 683 034	\$ 563 424	\$ 13 246 458	\$ 960 947	\$ 376 989

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

CITY OF CENTER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 4 416 516	\$ 1 917 376	\$ 6 333 892	\$ 370 467	\$ 254 515
Payments to suppliers	(2 213 133)	(1 648 005)	(3 861 138)	(19 853)	(181 275)
Payments to employees	(1 376 027)	-	(1 376 027)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	827 356	269 371	1 096 727	350 614	73 240
Cash Flows from Noncapital Financing Activities:					
Contributions and grants received	41 727	-	41 727	-	-
Operating transfers in (out)	191 038	(200 000)	(8 962)	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	232 765	(200 000)	32 765	-	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1 009 116)	-	(1 009 116)	(606 002)	(125 834)
Debt proceeds	13 604	(182 748)	(169 144)	378 225	125 834
Principal paid on debt	(310 000)	-	(310 000)	(36 755)	(43 445)
Insurance proceeds	-	-	-	52 100	-
Gain on disposal of assets	-	-	-	20 950	-
Interest paid on debt	(29 901)	-	(29 901)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1 335 413)	(182 748)	(1 518 161)	(191 482)	(43 445)
Cash Flows from Investing Activities:					
Interest on investments	102 434	20 920	123 354	16 642	17 525
Purchases of investments	2 335	-	2 335	(190 096)	(43 308)
Royalties	104 769	(161 828)	(57 059)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	104 769	20 920	125 689	(173 454)	(25 783)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(170 523)	(92 457)	(262 980)	(14 322)	4 012
Unrestricted Cash at beginning of year	407 118	83 957	491 075	7 780	999
UNRESTRICTED CASH AT END OF YEAR	\$ 236 595	\$ (8 500)	\$ 228 095	\$ (6 542)	\$ 5 011

Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities

Operating income (loss)	\$ 257 798	\$ 261 119	\$ 518 917	\$ 94 530	\$ 30 542
Adjustments:					
Depreciation	648 224	-	648 224	270 225	22 517
Changes in:					
Accounts receivable	(36 819)	(12 949)	(49 768)	-	-
Inventory	(5 185)	-	(5 185)	-	-
Deferred charges	(585 595)	-	(585 595)	-	-
Accounts payable	(42 932)	21 201	(21 731)	(14 141)	20 615
Accrued expense	1 033	-	1 033	-	(434)
Accrued compensated absences	410	-	410	-	-
Pension and OPEB liability	579 211	-	579 211	-	-
Customer deposits	11 211	-	11 211	-	-
NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES	\$ 827 356	\$ 269 371	\$ 1 096 727	\$ 350 614	\$ 73 240

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity:

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

Individual Component Unit Disclosures:

Discretely Presented Component Units:

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

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

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

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

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

B. Government-Wide and Fund Financial Statements:

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

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

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

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

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

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

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

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

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

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

The government reports the following proprietary funds:

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

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

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

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

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

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

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

1. Deposits and Investments:

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

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

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

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

2. Receivables and Payables:

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

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

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

3. Inventories and Prepaid Items:

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

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

4. Restricted Assets:

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

5. Capital Assets:

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

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



CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

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

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

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

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

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

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

6. **Compensated Absences:**

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

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

7. **Long-Term Obligations:**

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

8. **Fund Equity:**

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

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- **Unassigned Fund Balance** - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Use of Estimates:

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

11. Subsequent Events:

Management has evaluated subsequent events through April 22, 2024, the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

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

B. City Fund Balance Policy:

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

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

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

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

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

FUND BALANCE ANALYSIS

		2023
Beginning fund balance	\$	3 101 811
Total general fund revenues and transfers		6 593 850
Total general fund expenditures and transfers		<u>(6 993 141)</u>
ENDING GENERAL FUND BALANCE	\$	<u>2 702 520</u>
Airport expense	\$	204 462
General fund expenditures		6 922 319
ADJUSTED GENERAL FUND EXPENDITURES	\$	<u>6 717 857</u>
		20%                      25%
Required Fund Balance	\$	<u>1 343 571</u> <u>1 679 464</u>

Actual Fund Balance calculation represents 40.22% of adjusted General Fund Expenditures and 39.04% of non-adjusted General Fund Expenditures.

Tax Abatements

During the year ended September 30, the City abated property from local property taxes to create an economic development incentive. The results of the abated property was a reduction in property tax income of \$7,580 for the year.

	YEAR	VALUE OF
	2024	ABATED PROPERTY
		\$ 1 257 706

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Primary Government:		
Unrestricted cash and investments	\$	6 697 044
Restricted cash and investments		527 190
Component Units:		
Cash and cash equivalents		4 164 834
TOTAL CASH AND INVESTMENTS	\$	<u>11 389 068</u>
Primary Government:		
Deposits with financial institutions	\$	1 013 600
Investments in LOGIC		6 210 634
Component Units:		
Deposits with financial institutions		41 896
Investments in LOGIC		4 122 938
TOTAL CASH AND INVESTMENTS	\$	<u>11 389 068</u>

At September 30, the total deposits (as shown on the records of the bank) for the primary government and the component units amounted to \$543,170 and \$3,043, respectively. Deposits were with the contracted depository bank, Farmers State Bank, in a combination of interest and non-interest bearing accounts and interest bearing Certificates of Deposits. The deposits were fully secured at the balance sheet date by federal depository coverage and by pledged U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of deposits.

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

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

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITIES (DAYS)	RATING
LOGIC Pool	\$ 10 843 071	45	AAAm

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

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

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

**B. Receivables**

**Leases Receivable**

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

	RECEIVABLE	INTEREST
2024	\$ 11 062	\$ 348
2025	7 735	243
2026	7 664	241
2027	7 565	238
2028	5 254	165
Thereafter	21 043	663
	<u>\$ 60 323</u>	<u>\$ 1 898</u>

**C. Capital Assets**

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 1 527 483	\$ 698 366	\$ (2 225 849)	\$ -
Land	73 072	-	-	73 072
<b>TOTAL ASSETS NOT BEING DEPRECIATED</b>	<u>1 600 555</u>	<u>698 366</u>	<u>(2 225 849)</u>	<u>694 226</u>
Capital Assets, Being Depreciated:				
Buildings	9 366 164	-	-	9 366 164
Improvements other than buildings	5 949 475	360 126	-	6 309 601
Vehicles and equipment	2 441 218	79 354	-	2 520 572
Infrastructure	22 124 488	1 377 432	-	23 501 920
<b>TOTAL ASSETS BEING DEPRECIATED</b>	<u>39 881 345</u>	<u>1 816 912</u>	<u>-</u>	<u>41 698 257</u>
Less Accumulated Depreciation For:				
Buildings	3 232 060	221 214	-	3 453 274
Improvements other than buildings	1 854 422	162 384	-	2 016 806
Vehicles and equipment	1 874 678	127 570	-	2 002 403
Infrastructure	9 156 360	999 933	-	10 156 293
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>16 117 520</u>	<u>1 511 256</u>	<u>-</u>	<u>17 628 776</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>23 763 825</u>	<u>305 656</u>	<u>-</u>	<u>24 069 481</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 25 364 380</u>	<u>\$ 1 004 022</u>	<u>\$ (2 225 849)</u>	<u>\$ 24 142 553</u>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 665 250	\$ -	\$ -	\$ 665 250
Construction in progress	862 947	1 071 984	(1 796 255)	138 676
<b>TOTAL ASSETS NOT BEING DEPRECIATED</b>	<u>1 528 197</u>	<u>1 071 984</u>	<u>(1 796 255)</u>	<u>803 926</u>
Capital Assets, Being Depreciated:				
Buildings and systems	33 562 736	1 716 693	-	35 279 429
Vehicles and equipment	3 839 538	16 692	-	3 856 230
<b>TOTAL ASSETS BEING DEPRECIATED</b>	<u>37 402 274</u>	<u>1 733 385</u>	<u>-</u>	<u>39 135 659</u>
Less Accumulated Depreciation For:				
Buildings and systems	20 185 048	557 520	-	20 742 568
Vehicles and equipment	3 136 874	90 704	-	3 227 578
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>23 321 922</u>	<u>648 224</u>	<u>-</u>	<u>23 970 146</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>14 080 352</u>	<u>1 085 161</u>	<u>-</u>	<u>15 165 513</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 15 608 549</u>	<u>\$ 2 157 145</u>	<u>\$ (1 796 255)</u>	<u>\$ 15 969 439</u>
<b>Internal Service Fund:</b>				
Capital Assets, Being Depreciated:				
Vehicles and equipment	\$ 1 489 465	\$ 606 002	\$ -	\$ 2 095 467
Right of use assets	-	125 834	-	125 834
<b>TOTAL ASSETS NOT BEING DEPRECIATED</b>	<u>1 489 465</u>	<u>731 836</u>	<u>-</u>	<u>2 221 301</u>
Less Accumulated Depreciation For:				
Vehicles and equipment	734 266	292 742	-	1 027 008
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>734 266</u>	<u>292 742</u>	<u>-</u>	<u>1 027 008</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>\$ 755 199</u>	<u>\$ 439 094</u>	<u>\$ -</u>	<u>\$ 1 194 293</u>

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

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

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

Governmental Activities:		
General government	\$	25 304
Public safety		159 629
Community services		326 547
Street and drainage		999 776
Internal Services		292 742
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$	<u>1 803 998</u>
Business-Type Activities:		
Water	\$	390 054
Sewer		258 170
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$	<u>648 224</u>

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

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 8 125 000	\$ -	\$ (555 000)	\$ 7 570 000	\$ 575 000
Note payable	175 838	-	(22 948)	152 890	23 636
Compensated absences	139 375	9 063	-	148 438	-
Pension liability (asset)	(606 148)	1 693 581	-	1 087 433	-
OPEB liability	204 987	-	(64 732)	140 207	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 8 039 052</u>	<u>\$ 1 702 644</u>	<u>\$ (642 680)</u>	<u>\$ 9 098 968</u>	<u>\$ 598 636</u>
Business-Type Activities:					
General obligation bonds	\$ 5 515 000	\$ -	\$ (310 000)	\$ 5 205 000	\$ 315 000
Compensated absences	55 545	410	-	55 955	-
Pension liability (asset)	(217 580)	591 649	-	374 069	-
OPEB liability	59 421	-	(11 519)	47 947	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	<u>\$ 5 412 386</u>	<u>\$ 592 059</u>	<u>\$ (321 519)</u>	<u>\$ 5 682 971</u>	<u>\$ 315 000</u>
Internal Service Activities:					
Leases payable	\$ -	\$ 378 225	\$ -	\$ 378 225	\$ -
Subscription based IT arrangement	-	125 834	(43 445)	82 389	40 462
Notes payable	258 490	-	(36 755)	221 735	33 126
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 258 490</u>	<u>\$ 504 059</u>	<u>\$ (80 200)</u>	<u>\$ 682 349</u>	<u>\$ 73 588</u>

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

General Obligation Debt:

\$2,070,000, 2014 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$10,000 to \$125,000 through August 15, 2035, interest at 0.0 to 3.05 percent (Liability recorded in business-type activities)	\$	1 305 000
\$3,960,000, 2016 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$130,000 to \$265,000 through August 15, 2036, interest at 2.49 percent (Liability recorded in governmental activities and business-type activities)		2 800 000
\$4,130,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$85,000 to \$405,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)		3 820 000
\$2,090,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$60,000 to \$140,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)		1 800 000
\$3,080,000, 2021 General Obligation Refunding bonds, due in annual installments of \$15,000 to \$460,000 through August 15, 2030, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)		3 050 000
	\$	<u>12 775 000</u>

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

YEAR ENDING SEPTEMBER	GOVERNMENTAL FUNDS		PROPRIETARY FUNDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	\$ 575 000	\$ 194 866	\$ 315 000	\$ 154 745
2025	587 500	179 941	327 500	142 497
2026	603 750	165 654	336 250	131 600
2027	618 750	151 891	346 250	122 800
2028	631 250	136 794	353 750	113 072
Thereafter	4 553 750	726 488	3 526 250	526 886
TOTAL	<u>\$ 7 570 000</u>	<u>\$ 1 555 634</u>	<u>\$ 5 205 000</u>	<u>\$ 1 191 600</u>

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

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

Notes Payable:

\$450,000 loan from the City of Center Economic Development Corporation to be paid in annual installments through 2029, with an interest rate of 3%	\$ 152 890
\$258,490 note for the Equipment Replacement Fund to be paid in annual installments of \$41,595 with a final payment of \$126,845 in January 2026, with interest at 2.8%	
	221 735
	<u>\$ 374 625</u>

YEAR ENDING SEPTEMBER	NOTE PAYABLE		LEASE PAYABLE		SBITA PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2024	\$ 23 636	\$ 4 587	\$ 33 126	\$ 8 469	\$ 40 462	\$ 2 983
2025	24 356	3 876	34 122	7 473	41 927	1 418
2026	25 076	3 147	35 148	6 447	-	-
2027	25 828	2 395	119 339	7 506	-	-
2028	26 603	1 620	-	-	-	-
Thereafter	27 391	822	-	-	-	-
TOTAL	<u>\$ 152 890</u>	<u>\$ 16 447</u>	<u>\$ 221 735</u>	<u>\$ 29 895</u>	<u>\$ 82 389</u>	<u>\$ 4 401</u>

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

**NOTE 4 - OTHER INFORMATION**

A. Pension Plan

**Plan Description**

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

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

**Benefits Provided**

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

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

**Employees Covered by Benefit Terms:**

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

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	38
Active employees	74
	<u>158</u>

**Contributions**

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

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

**NOTE 4 - OTHER INFORMATION - CONTINUED**

Employees for the City of Center were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Center were 12.40% and 10.71% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$406,107, and were equal to the required contribution.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

**Discount Rate**

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

**Changes in the Net Pension Liability**

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at Beginning of Year:	\$ 15 634 757	\$ 16 458 485	\$ (823 728)
Changes for the Year:			
Service cost	594 251	-	594 251
Interest	1 058 253	-	1 058 253
Change of benefit terms	-	-	-
Difference between expected and actual experience	86 888	-	86 888
Changes of assumptions	-	-	-
Contributions - Employer	-	406 107	(406 107)
Contributions - Employee	-	248 492	(248 492)
Net investment income	-	(1 202 448)	1 202 448
Benefit payments, including refunds of employee	(508 135)	(508 135)	-
Administrative expense	-	(10 396)	10 396
Other changes	-	12 406	(12 406)
NET CHANGES	1 231 257	(1 053 974)	2 285 231
Balance at End of the Year:	\$ 16 866 014	\$ 15 404 511	\$ 1 461 503

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

**NOTE 4 - OTHER INFORMATION - CONTINUED**

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

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

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 3 984 288	\$ 1 461 503	\$ (586 715)

***Pension Plan Fiduciary Net Position***

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

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

For the year ended September 30, 2023, the City recognized pension expense of \$380,336.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 65 798	\$ 244 260
Changes in actuarial assumptions	10 592	-
Difference between projected and actual investment earnings	1 850 717	796 079
Contributions subsequent to the measurement date	433 994	-
<b>TOTAL</b>	<b>\$ 2 361 101</b>	<b>\$ 1 040 339</b>

\$433,994 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 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,	PENSION EXPENSE AMOUNT
2024	\$ (44 746)
2025	197 775
2026	268 532
2027	465 207
2028	-
Thereafter	-
<b>TOTAL</b>	<b>\$ 886 768</b>

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

**Plan Description**

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

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

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

**Benefits Provided**

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



CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**Employees Covered by Benefit Terms**

**Membership:**

Number of:	
Inactive employees currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	8
Active employees	74
TOTAL	<u>116</u>

<b>Covered Payroll</b>	\$ <u>3 868 992</u>
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**Contributions**

PLAN/ CALENDAR YEAR	TOTAL SDBF CONTRIBUTION (RATE)	RETIREE PORTION OF SDBF CONTRIBUTION (RATE)
2021	0.23%	0.05%
2022	0.22%	0.00%
2023	0.37%	0.00%

The City's contributions to the SDBF for the year ended September 30, 2023 were \$8,603, and were equal to the required contribution.

**Summary of Actuarial Assumptions**

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - Service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - Disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

**Changes in OPEB Liability**

Total OPEB liability - Beginning of year	\$ <u>264 408</u>
Changes for the Year:	
Service cost	17 039
Interest on total OPEB liability	4 979
Changes of benefit terms	-
Differences between expenditures and actual	43
Changes in assumptions or other inputs	(93 700)
Benefit payments	<u>(4 615)</u>
NET CHANGES	<u>(76 254)</u>
TOTAL OPEB LIABILITY - END OF YEAR	\$ <u>188 154</u>

**Total OPEB Liability as a Percentage of Covered Payroll** 5.7%

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

The following presents the OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.05%) or 1-percentage point higher (5.05%) than the current rate.

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB Liability	\$ 224 130	\$ 188 154	\$ 159 944

CITY OF CENTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2023

**NOTE 4 - OTHER INFORMATION - CONTINUED**

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$13,074.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 34	\$ 10 242
Changes in actuarial assumptions	-	47 317
Difference between projected and actual earnings	-	-
Subsequent contributions	8 603	-
<b>TOTAL</b>	<b>\$ 8 637</b>	<b>\$ 57 559</b>

\$8,603 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2023	\$ (10 652)
2024	(9 653)
2025	(14 549)
2026	(17 200)
2027	(5 471)
Thereafter	-
<b>TOTAL</b>	<b>\$ (57 525)</b>

**C. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The City provides employee health and accident insurance coverage with commercial insurance purchased from independent third parties. Coverages have not significantly decreased and settlements have not exceeded insurance coverage for each of the past three years.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended September 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
General Property Taxes:				
Current taxes	\$ 1 316 200	\$ 1 316 200	\$ 1 304 635	\$ (11 565)
Delinquent taxes	20 000	20 000	32 520	12 520
Other taxes	60 000	60 000	106 815	46 815
Penalties, interest and cost	20 000	20 000	27 758	7 758
TOTAL GENERAL PROPERTY TAXES	<u>1 416 200</u>	<u>1 416 200</u>	<u>1 471 728</u>	<u>55 528</u>
Other Local Taxes and Permits:				
City sales taxes	2 507 050	2 694 050	2 708 313	14 263
Franchise taxes	706 800	706 800	758 045	51 245
Mixed drink taxes	3 000	3 000	5 009	2 009
License and permit fees	18 350	35 100	40 979	5 879
TOTAL OTHER LOCAL TAXES AND PERMITS	<u>3 235 200</u>	<u>3 438 950</u>	<u>3 512 346</u>	<u>73 396</u>
Fines and Fees:				
Municipal court fines	150 000	150 000	156 016	6 016
Court cost fees	3 350	33 350	18 806	(14 544)
Fines and fees	-	-	1 758	1 758
TOTAL FINES AND FEES	<u>153 350</u>	<u>183 350</u>	<u>176 580</u>	<u>(6 770)</u>
Charges For Service:				
Administration	-	-	60 000	60 000
Airport fuel	125 500	166 175	191 180	25 005
Airport hangar lease	25 500	25 500	29 029	3 529
Civic Center	54 000	54 000	60 730	6 730
Land lease	3 600	3 600	11 350	7 750
Building rental	10 500	10 500	18 025	7 525
TOTAL CHARGES FOR SERVICES	<u>219 100</u>	<u>259 775</u>	<u>370 314</u>	<u>110 539</u>
Contributions and Grants:				
Grant and donations	43 000	43 000	54 322	11 322
TOTAL CONTRIBUTIONS AND GRANTS	<u>43 000</u>	<u>43 000</u>	<u>54 322</u>	<u>11 322</u>
Miscellaneous Revenue:				
Miscellaneous receipts	2 250	2 250	16 334	14 084
TOTAL MISCELLANEOUS REVENUE	<u>2 250</u>	<u>2 250</u>	<u>16 334</u>	<u>14 084</u>
TOTAL REVENUES	<u>5 069 100</u>	<u>5 343 525</u>	<u>5 601 624</u>	<u>258 099</u>
Expenditures:				
General Government:				
City Hall:				
Payroll	831 400	831 400	852 112	(20 712)
Supplies	27 550	27 550	20 107	7 443
Contractual services	65 100	65 100	63 648	1 452
Utilities	10 700	10 700	10 272	428
Sundry charges	21 500	21 500	22 623	(1 123)
Maintenance	8 450	12 550	11 864	686
Capital outlay	-	34 083	34 083	-
TOTAL CITY HALL	<u>964 700</u>	<u>1 002 883</u>	<u>1 014 709</u>	<u>(11 826)</u>
Nondepartmental:				
Payroll	32 700	32 700	15 328	17 372
Supplies	3 750	3 750	3 932	(182)
Contractual services	311 850	311 850	140 157	171 693
Sundry charges	85 950	85 950	76 763	9 187
Capital outlay	1 000	1 051 000	1 212 264	(161 264)
TOTAL NONDEPARTMENTAL	<u>435 250</u>	<u>1 485 250</u>	<u>1 448 444</u>	<u>36 806</u>
Municipal Court:				
Payroll	58 900	58 900	43 040	15 860
Supplies	1 250	1 250	1 798	(548)
Contractual services	54 900	54 900	50 900	4 000
Utilities	1 000	1 000	-	1 000
Sundry charges	1 700	1 700	4 087	(2 387)
TOTAL MUNICIPAL COURT	<u>117 750</u>	<u>117 750</u>	<u>99 825</u>	<u>17 925</u>
TOTAL GENERAL GOVERNMENT	<u>1 517 700</u>	<u>2 605 883</u>	<u>2 562 978</u>	<u>42 905</u>

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - CONTINUED  
Year Ended September 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public Safety:				
Police Department:				
Payroll	1 922 000	1 922 000	1 849 642	72 358
Supplies	57 200	57 200	40 563	16 637
Contractual services	194 450	194 450	181 423	13 027
Utilities	40 500	40 500	40 013	487
Sundry charges	12 300	12 300	16 998	(4 698)
Maintenance	124 250	124 250	113 139	11 111
Capital outlay	5 000	64 425	59 425	5 000
TOTAL POLICE DEPARTMENT	2 355 700	2 415 125	2 301 203	113 922
Fire Department:				
Payroll	467 450	467 450	483 882	(16 432)
Supplies	14 150	14 150	6 704	7 446
Contractual services	26 500	26 500	25 167	1 333
Utilities	9 500	9 500	11 065	(1 565)
Sundry charges	10 000	10 000	6 299	3 701
Maintenance	44 000	44 000	40 396	3 604
Capital outlay	15 000	15 000	1 219	13 781
TOTAL FIRE DEPARTMENT	586 600	586 600	574 732	11 868
Animal Control Department:				
Supplies	6 600	6 600	7 484	(884)
Contractual services	16 000	16 000	15 485	515
Utilities	1 500	1 500	530	970
Sundry charges	1 600	1 600	1 056	544
Maintenance	1 000	1 000	-	1 000
TOTAL ANIMAL CONTROL DEPARTMENT	26 700	26 700	24 555	2 145
TOTAL PUBLIC SAFETY	2 969 000	3 028 425	2 900 490	127 935
Community Services:				
Airport Department:				
Payroll	26 100	26 100	28 155	(2 055)
Supplies	1 950	1 950	716	1 234
Contractual services	7 800	7 800	9 518	(1 718)
Utilities	15 900	15 900	16 942	(1 042)
Sundry charges	102 100	132 900	144 005	(11 105)
Maintenance	7 500	7 500	4 929	2 571
Capital outlay	10 000	10 000	197	9 803
TOTAL AIRPORT DEPARTMENT	171 350	202 150	204 462	(2 312)
Cemetery Department:				
Contractual services	20 000	20 000	21 890	(1 890)
TOTAL CEMETERY DEPARTMENT	20 000	20 000	21 890	(1 890)
Parks Department:				
Payroll	157 800	157 800	170 893	(13 093)
Supplies	16 000	16 000	12 762	3 238
Contractual services	70 500	78 425	86 704	(8 279)
Utilities	13 000	13 000	17 674	(4 674)
Sundry charges	750	750	291	459
Maintenance	31 000	31 000	23 888	7 112
TOTAL PARKS DEPARTMENT	289 050	296 975	312 212	(15 237)
Civic Center Department:				
Payroll	95 450	95 450	109 135	(13 685)
Supplies	8 200	8 200	6 941	1 259
Contractual services	24 200	24 200	21 470	2 730
Utilities	26 500	26 500	28 089	(1 589)
Sundry charges	7 250	7 250	2 750	4 500
Maintenance	25 800	25 800	12 110	13 690
Capital outlay	5 000	5 000	2 516	2 484
TOTAL CIVIC CENTER DEPARTMENT	192 400	192 400	183 011	9 389

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND - CONTINUED  
Year Ended September 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Community Facilities Department:				
Supplies	1 000	1 000	3	997
Contractual services	69 150	76 150	75 950	200
Utilities	18 750	18 750	22 078	(3 328)
Sundry charges	200	200	-	200
Maintenance	8 500	8 500	4 983	3 517
Capital outlay	-	-	3 600	(3 600)
TOTAL COMMUNITY FACILITIES DEPARTMENT	97 600	104 600	106 614	(2 014)
TOTAL COMMUNITY SERVICES	770 400	816 125	828 189	(12 064)
Streets and Drainage:				
Streets Department:				
Payroll	285 750	285 750	292 825	(7 075)
Supplies	15 850	15 850	15 896	(46)
Contractual services	41 200	85 920	82 814	3 106
Utilities	85 600	85 600	93 179	(7 579)
Sundry charges	800	800	475	325
Maintenance	68 700	68 700	56 976	11 724
TOTAL STREETS DEPARTMENT	497 900	542 620	542 165	455
TOTAL STREETS AND DRAINAGE	497 900	542 620	542 165	455
Inspection Services:				
Inspection Department:				
Payroll	67 900	67 900	67 285	615
Supplies	2 300	2 300	3 480	(1 180)
Contractual services	15 700	15 700	10 136	5 564
Utilities	250	250	267	(17)
Sundry charges	3 250	3 250	3 503	(253)
Maintenance	2 500	2 500	3 826	(1 326)
TOTAL INSPECTION DEPARTMENT	91 900	91 900	88 497	3 403
TOTAL INSPECTION SERVICES	91 900	91 900	88 497	3 403
TOTAL EXPENDITURES	5 846 900	7 084 953	6 922 319	162 634
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(777 800)	(1 741 428)	(1 320 695)	420 733
Other Financing Sources (Uses):				
Interest income	7 500	7 500	146 112	138 612
Operating transfers in	745 000	1 795 000	846 114	(948 886)
Operating transfers (out)	(4 700)	(4 700)	(70 822)	(66 122)
TOTAL OTHER FINANCING SOURCES (USES)	747 800	1 935 800	921 404	(1 014 396)
CHANGE IN FUND BALANCE	(30 000)	194 372	(399 291)	(593 663)
Fund balance at beginning of year	3 101 811	3 101 811	3 101 811	-
FUND BALANCE AT END OF YEAR	\$ 3 071 811	\$ 3 296 183	\$ 2 702 520	\$ (593 663)

See independent auditor's report.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service cost	\$ 594 251	\$ 565 946	\$ 547 357	\$ 537 720	\$ 523 585	\$ 522 065	\$ 516 676	\$ 463 237	\$ 443 966
Interest (on the total pension liability)	1 058 253	1 005 970	956 535	902 764	873 880	879 442	867 048	860 379	804 999
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	86 888	(259 570)	(180 403)	(149 486)	(428 137)	(915 461)	(587 907)	(191 770)	21 180
Change of assumptions	-	-	-	71 120	-	-	-	(39 880)	-
Benefit payments, including refunds of employee contributions	(508 135)	(595 743)	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
NET CHANGE IN TOTAL PENSION LIABILITY	1 231 257	716 603	718 393	826 563	407 920	(90 966)	143 050	615 416	769 410
Total pension liability - Beginning	15 634 757	14 918 154	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778	11 528 368
TOTAL PENSION LIABILITY - ENDING	16 866 014	15 634 757	14 918 154	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778
Plan Fiduciary Net Position:									
Contributions - Employer	406 107	411 143	406 177	426 162	471 010	514 644	503 737	439 335	424 581
Contributions - Employee	248 492	238 652	229 294	226 734	217 772	216 496	212 499	199 181	197 742
Net investment income	(1 202 448)	1 894 330	1 023 371	1 790 717	(353 900)	1 420 322	645 178	13 834	500 976
Benefit payments, including refunds of employee contributions	(508 135)	(595 743)	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
Administrative	(10 396)	(8 758)	(6 617)	(10 111)	(6 836)	(7 356)	(7 282)	(8 424)	(5 230)
Other	12 406	60	(259)	(286)	(373)	(373)	(392)	(416)	(430)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1 053 974)	1 939 684	1 046 870	1 897 661	(233 735)	1 566 721	700 973	166 960	616 904
Plan fiduciary net position - Beginning	16 458 485	14 518 801	13 471 931	11 574 270	11 808 005	10 241 284	9 540 311	9 373 351	8 756 447
PLAN FIDUCIARY NET POSITION - ENDING	15 404 511	16 458 485	14 518 801	13 471 931	11 574 270	11 808 005	10 241 284	9 540 311	9 373 351
NET PENSION LIABILITY (ASSET) - ENDING	\$ 1 461 503	\$ (823 728)	\$ 399 353	\$ 727 830	\$ 1 798 928	\$ 1 157 273	\$ 2 814 960	\$ 3 372 883	\$ 2 924 427
Plan fiduciary net position as a percentage of total pension liability	91.33%	105.27%	97.32%	94.87%	86.55%	91.07%	78.44%	73.88%	76.22%
Covered employee payroll	\$ 3 549 884	\$ 3 509 894	\$ 3 258 954	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	2 845 439	2 824 891
Net pension liability as a percentage of covered employee payroll	41.17%	(23.47)%	12.25%	22.78%	57.82%	37.42%	92.73%	118.54%	103.52%

SCHEDULE OF CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determine contribution									
Contributions in relation to the actuarially determined contribution	\$ 433 994	\$ 409 403	\$ 434 350	\$ 418 708	\$ 405 655	\$ 495 007	\$ 462 058	\$ 446 765	\$ 390 666
CONTRIBUTION DEFICIENCY (EXCESS)	(433 994)	(409 403)	(434 350)	(418 708)	(405 655)	(495 007)	(462 058)	(446 765)	(390 666)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 868 992	\$ 3 549 884	\$ 3 509 894	\$ 3 258 954	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	3 035 696	2 845 439
Contributions as a percentage of covered employee payroll	11.22%	11.53%	12.38%	12.85%	12.70%	15.91%	14.94%	14.72%	13.73%

Other Information

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

Details of the plan are included in the notes.

See independent auditor's report.

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

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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service cost	\$ 17 039	\$ 13 296	\$ 10 154	\$ 7 029	\$ 8 089	\$ 6 804
Interest on total OPEB liability	4 979	5 030	5 933	6 407	5 942	5 816
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	43	(4 222)	(10 762)	(3 809)	(6 260)	-
Change of assumptions	(93 700)	7 821	32 098	33 293	(12 649)	14 252
Benefit payments, including refunds of employee contributions	(4 615)	(4 773)	(1 638)	(1 278)	(1 556)	(2 165)
NET CHANGE IN TOTAL OPEB LIABILITY	(76 254)	17 152	35 785	41 642	(6 434)	24 707
Total OPEB liability, beginning	264 408	247 256	211 471	169 829	176 263	151 556
TOTAL PENSION LIABILITY, ENDING (a)	188 154	264 408	247 256	211 471	169 829	176 263
Plan Fiduciary Net Position:						
Contributions - Employer	-	-	-	-	-	-
Contributions - Employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-	-	-	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 188 154	\$ 264 408	\$ 247 256	\$ 211 471	\$ 169 829	\$ 176 263
Plan fiduciary net position as a % of total OPEB liability	00.00%	00.00%	00.00%	00.00%	00.00%	00.00%
Covered employee payroll	\$ 3 549 884	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802
Net OPEB liability as a % of covered employee payroll	5.30%	7.53%	7.55%	6.62%	5.46%	5.70%

**SCHEDULE OF CONTRIBUTIONS**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 8 603	\$ 7 400	\$ 7 414	\$ 5 167	\$ 4 902	\$ 1 723
Contributions in relation to the actuarially determined contribution	(8 603)	(7 400)	(7 414)	(5 167)	(4 902)	(1 723)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 868 992	\$ 3 549 884	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024
Contributions as a percentage of covered employee payroll	(0.22)%	(0.21)%	(0.21)%	(1.66)%	(0.16)%	(0.06)%

**Other Information:**

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

Details of the plan are included in the notes.  
See independent auditor's report.



## SUPPLEMENTARY INFORMATION

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Opioid Fund - To account for opioid legal settlement funds received by the City.

### Debt Service Fund

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

### Permanent Funds

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

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

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2023

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ -	\$ 165 917	\$ -	\$ -	\$ 165 917
Investments	138 508	990 406	124 226	43 733	1 296 873
Receivables	-	332 040	-	-	332 040
Due from other funds	-	500	-	-	500
TOTAL ASSETS	\$ 138 508	\$ 1 488 863	\$ 124 226	\$ 43 733	\$ 1 795 330
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1 584	\$ -	\$ -	\$ 1 584
Due to other funds	-	70 328	-	-	70 328
Accrued expenses	-	743	-	-	743
TOTAL LIABILITIES	-	72 655	-	-	72 655
Deferred Inflows:					
Unavailable revenue	-	167 000	-	-	167 000
TOTAL DEFERRED INFLOWS	-	167 000	-	-	167 000
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	239 655	-	-	239 655
Fund Balances:					
Restricted for grants	-	1 249 208	-	-	1 249 208
Restricted for debt service	138 508	-	-	-	138 508
Other restrictions	-	-	124 226	43 733	167 959
TOTAL FUND BALANCES	138 508	1 249 208	124 226	43 733	1 555 675
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 138 508	\$ 1 488 863	\$ 124 226	\$ 43 733	\$ 1 795 330

See independent auditor's report.

CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2023

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Taxes	\$ 659 419	\$ 510 444	\$ -	\$ -	\$ 1 169 863
Grants and contributions	-	108 693	-	-	108 693
Fines and fees	-	11 777	-	-	11 777
Charges for services	-	101 644	-	-	101 644
Other	-	25 565	-	-	25 565
TOTAL REVENUES	<u>659 419</u>	<u>758 123</u>	<u>-</u>	<u>-</u>	<u>1 417 542</u>
Expenditures:					
Public safety	-	533	-	-	533
Community services	-	251 084	-	-	251 084
Street and drainage	-	698 366	-	-	698 366
Debt Service:					
Principal	599 978	21 001	-	-	620 979
Interest and fiscal charges	298 842	7 222	-	-	306 064
TOTAL EXPENDITURES	<u>898 820</u>	<u>978 206</u>	<u>-</u>	<u>-</u>	<u>1 877 026</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(239 401)</u>	<u>(220 083)</u>	<u>-</u>	<u>-</u>	<u>(459 484)</u>
Other Financing Sources (Uses):					
Interest	20 311	61 381	5 766	713	88 171
Operating transfers in	231 603	734 636	-	-	966 239
Operating transfers (out)	(10 272)	(965 935)	-	-	(976 207)
TOTAL OTHER FINANCING SOURCES (USES)	<u>241 642</u>	<u>(169 918)</u>	<u>5 766</u>	<u>713</u>	<u>78 203</u>
NET CHANGE IN FUND BALANCE	2 241	(390 001)	5 766	713	(381 281)
Fund balance at beginning of year	<u>136 267</u>	<u>1 639 209</u>	<u>118 460</u>	<u>43 020</u>	<u>1 936 956</u>
FUND BALANCES AT END OF YEAR	\$ <u>138 508</u>	\$ <u>1 249 208</u>	\$ <u>124 226</u>	\$ <u>43 733</u>	\$ <u>1 555 675</u>

See independent auditor's report.

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2023

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
ASSETS					
Cash and cash equivalents	\$ -	\$ 68 748	\$ 1 272	\$ 31	\$ 38
Investments	-	-	662 972	31 091	35 396
Receivables	-	-	165 040	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 68 748	\$ 829 284	\$ 31 122	\$ 35 434
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	69 290	-	-	-
Accrued expenses	-	-	-	-	-
TOTAL LIABILITIES	-	69 290	-	-	-
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	69 290	-	-	-
Fund Balance:					
Restricted	-	(542)	829 284	31 122	35 434
TOTAL FUND BALANCE	-	(542)	829 284	31 122	35 434
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ -	\$ 68 748	\$ 829 284	\$ 31 122	\$ 35 434

See independent auditor's report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ -	\$ 67 503	\$ 1 342	\$ 1 101	\$ 8 528	\$ -	\$ (1 981)
24 412	-	-	184 807	-	34 567	-
-	-	-	-	-	167 000	-
-	500	-	-	-	-	-
\$ <u>24 412</u>	\$ <u>68 003</u>	\$ <u>1 342</u>	\$ <u>185 908</u>	\$ <u>8 528</u>	\$ <u>201 567</u>	\$ <u>(1 981)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625	\$ 959
-	-	1 038	-	-	-	-
-	-	-	-	-	-	743
-	-	1 038	-	-	625	1 702
-	-	-	-	-	167 000	-
-	-	-	-	-	167 000	-
-	-	1 038	-	-	167 625	1 702
24 412	68 003	304	185 908	8 528	33 942	(3 683)
<u>24 412</u>	<u>68 003</u>	<u>304</u>	<u>185 908</u>	<u>8 528</u>	<u>33 942</u>	<u>(3 683)</u>
\$ <u>24 412</u>	\$ <u>68 003</u>	\$ <u>1 342</u>	\$ <u>185 908</u>	\$ <u>8 528</u>	\$ <u>201 567</u>	\$ <u>(1 981)</u>

CITY OF CENTER, TEXAS  
COMBINING BALANCE SHEET - CONTINUED  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2023

	JURY FUND	TRUANCY FUND	AMERICAN RESCUE PLAN GRANT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 328	\$ 39	\$ -
Investments	-	17 161	-
Receivables	-	-	-
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 328</b>	<b>\$ 17 200</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Accrued expenses	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows:</b>			
Unavailable revenue	-	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>			
Restricted	328	17 200	-
<b>TOTAL FUND BALANCE</b>	<b>328</b>	<b>17 200</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 328</b>	<b>\$ 17 200</b>	<b>\$ -</b>

See independent auditor's report.

STREET IMPROVEMENT FUND	OPIOD FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 18 968	\$ 165 917
-	-	990 406
-	-	332 040
-	-	500
<u>\$ -</u>	<u>\$ 18 968</u>	<u>\$ 1 488 863</u>

\$ -	\$ -	\$ 1 584
-	-	70 328
-	-	743
<u>-</u>	<u>-</u>	<u>72 655</u>

<u>-</u>	<u>-</u>	<u>167 000</u>
<u>-</u>	<u>-</u>	<u>167 000</u>
<u>-</u>	<u>-</u>	<u>239 655</u>

<u>-</u>	<u>18 968</u>	<u>1 249 208</u>
<u>-</u>	<u>18 968</u>	<u>1 249 208</u>

<u>\$ -</u>	<u>\$ 18 968</u>	<u>\$ 1 488 863</u>
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CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended September 30, 2023

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
Revenues:					
Taxes	\$ -	\$ 2 774	\$ 472 437	\$ -	\$ -
Grants and contributions	-	-	-	-	-
Fines and fees	-	-	-	3 656	4 018
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
TOTAL REVENUES	-	2 774	472 437	3 656	4 018
Expenditures:					
Public safety	-	-	-	233	300
Community services	445	-	130 699	-	-
Streets and drainage	-	-	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	445	-	130 699	233	300
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(445)	2 774	341 738	3 423	3 718
Other Financing Sources (Uses):					
Interest	-	-	32 754	1 363	1 555
Operating transfers in	1 010	-	-	-	-
Operating transfers (out)	-	-	(110 000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1 010	-	(77 246)	1 363	1 555
NET CHANGE IN FUND BALANCE	565	2 774	264 492	4 786	5 273
Fund balance, beginning of year	(565)	(3 316)	564 792	26 336	30 161
FUND BALANCE, END OF YEAR	\$ -	\$ (542)	\$ 829 284	\$ 31 122	\$ 35 434

See independent auditor's report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ -	\$ -	\$ -	\$ 35 233	\$ -	\$ -	\$ -
-	35 000	-	-	-	72 969	724
-	-	-	-	-	-	-
-	-	-	-	-	-	101 644
7 094	-	-	-	-	-	-
<u>7 094</u>	<u>35 000</u>	<u>-</u>	<u>35 233</u>	<u>-</u>	<u>72 969</u>	<u>102 368</u>
-	-	-	-	-	-	-
-	-	-	-	-	12 860	107 080
-	-	-	-	-	-	-
-	-	-	28 223	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>28 223</u>	<u>-</u>	<u>12 860</u>	<u>107 080</u>
7 094	35 000	-	7 010	-	60 109	(4 712)
972	-	-	7 973	396	1 785	-
-	-	-	30 560	-	-	4 700
-	2 850	-	-	-	-	-
<u>972</u>	<u>2 850</u>	<u>-</u>	<u>38 533</u>	<u>396</u>	<u>1 785</u>	<u>4 700</u>
8 066	37 850	-	45 543	396	61 894	(12)
<u>16 346</u>	<u>30 153</u>	<u>304</u>	<u>140 365</u>	<u>8 132</u>	<u>(27 952)</u>	<u>(3 671)</u>
\$ <u>24 412</u>	\$ <u>68 003</u>	\$ <u>304</u>	\$ <u>185 908</u>	\$ <u>8 528</u>	\$ <u>33 942</u>	\$ <u>(3 683)</u>

CITY OF CENTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED  
 For the Year Ended September 30, 2023

	JURY FUND	TRUANCY FUND	AMERICAN RESCUE PLAN GRANT
Revenues:			
Taxes	\$ -	\$ -	\$ -
Grants and contributions	-	-	-
Fines and fees	80	4 023	-
Charges for services	-	-	-
Other	-	-	-
TOTAL REVENUES	<u>80</u>	<u>4 023</u>	<u>-</u>
Expenditures:			
Public safety	-	-	-
Community services	-	-	-
Streets and drainage	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>80</u>	<u>4 023</u>	<u>-</u>
Other Financing Sources (Uses):			
Interest	-	697	13 389
Operating transfers in	-	-	-
Operating transfers (out)	-	-	(858 785)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>697</u>	<u>(845 396)</u>
NET CHANGE IN FUND BALANCE	80	4 720	(845 396)
Fund balance, beginning of year	<u>248</u>	<u>12 480</u>	<u>845 396</u>
FUND BALANCE, END OF YEAR	\$ <u>328</u>	\$ <u>17 200</u>	\$ <u>-</u>

See independent auditor's report.

STREET IMPROVEMENT FUND	OPIOD FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ 510 444
-	-	108 693
-	-	11 777
-	-	101 644
-	18 471	25 565
-	18 471	758 123
-	-	533
-	-	251 084
698 366	-	698 366
-	-	28 223
698 366	-	978 206
(698 366)	18 471	(220 083)
-	497	61 381
698 366	-	734 636
-	-	(965 935)
698 366	497	(169 918)
-	18 968	(390 001)
-	-	1 639 209
\$ -	\$ 18 968	\$ 1 249 208

CITY OF CENTER, TEXAS  
SCHEDULE OF REVENUES - PROPRIETARY FUNDS  
Year Ended September 30, 2023

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Revenues:			
Charges for Service:			
Water charges	\$ 3 196 511	\$ -	\$ 3 196 511
Sewer charges	1 122 016	-	1 122 016
Sanitation charges	-	1 929 136	1 929 136
TOTAL	<u>4 318 527</u>	<u>1 929 136</u>	<u>6 247 663</u>
Taps and Connections:			
Water taps and connections	5 145	-	5 145
Sewer taps and connections	1 350	-	1 350
TOTAL	<u>6 495</u>	<u>-</u>	<u>6 495</u>
Miscellaneous Revenue:			
Administrative fees	5 920	-	5 920
Penalties	52 079	-	52 079
Reconnection fees	26 826	-	26 826
Miscellaneous receipts	32 277	1 189	33 466
TOTAL	<u>117 102</u>	<u>1 189</u>	<u>118 291</u>
TOTAL OPERATING REVENUES	<u>\$ 4 442 124</u>	<u>\$ 1 930 325</u>	<u>\$ 6 372 449</u>
Nonoperating Revenues:			
Grants and contributions	\$ 41 727	\$ -	\$ 41 727
Other revenue	2 335	-	2 335
Income from investments	102 434	20 920	123 354
TOTAL NONOPERATING REVENUES	<u>\$ 146 496</u>	<u>\$ 20 920</u>	<u>\$ 167 416</u>

See independent auditor's report.

CITY OF CENTER, TEXAS  
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS  
Year Ended September 30, 2023

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Expenses:			
Nondepartmental:			
Supplies	\$ 18 666	\$ -	\$ 18 666
Contractual services	33 200	-	33 200
Sundry charges	37 612	-	37 612
Utilities	131 784	-	131 784
Capital outlay	3 775	-	3 775
TOTAL	<u>225 037</u>	<u>-</u>	<u>225 037</u>
Public Works:			
Payroll	222 849	-	222 849
Supplies	6 079	-	6 079
Contractual services	54 776	-	54 776
Utilities	13 165	-	13 165
Sundry charges	2 336	-	2 336
Maintenance	13 699	-	13 699
TOTAL	<u>312 904</u>	<u>-</u>	<u>312 904</u>
Water Production:			
Payroll	557 502	-	557 502
Supplies	373 814	-	373 814
Contractual services	138 547	-	138 547
Utilities	309 262	-	309 262
Sundry charges	10 370	-	10 370
Maintenance	90 896	-	90 896
Capital outlay	28 698	-	28 698
TOTAL	<u>1 509 089</u>	<u>-</u>	<u>1 509 089</u>
Water Distribution:			
Payroll	231 503	-	231 503
Supplies	8 008	-	8 008
Contractual services	44 543	-	44 543
Utilities	1 724	-	1 724
Sundry charges	1 755	-	1 755
Maintenance	87 914	-	87 914
TOTAL	<u>375 447</u>	<u>-</u>	<u>375 447</u>
Sewer Collection:			
Payroll	99 932	-	99 932
Supplies	4 265	-	4 265
Contractual services	62 621	-	62 621
Utilities	39 392	-	39 392
Sundry charges	171	-	171
Maintenance	72 859	-	72 859
TOTAL	<u>279 240</u>	<u>-</u>	<u>279 240</u>
Sewer Treatment:			
Payroll	259 300	-	259 300
Supplies	127 020	-	127 020
Contractual services	178 410	-	178 410
Utilities	104 856	-	104 856
Sundry charges	19 763	-	19 763
Maintenance	145 036	-	145 036
TOTAL	<u>834 385</u>	<u>-</u>	<u>834 385</u>
Sanitation:			
Contractual services	-	1 665 499	1 665 499
Sundry charges	-	3 707	3 707
TOTAL	<u>-</u>	<u>1 669 206</u>	<u>1 669 206</u>
Depreciation:			
Depreciation	648 224	-	648 224
TOTAL OPERATING EXPENSES	<u>\$ 4 184 326</u>	<u>\$ 1 669 206</u>	<u>\$ 5 853 532</u>
Nonoperating Expense:			
Interest expense	\$ 29 901	\$ -	\$ 29 901
TOTAL NONOPERATING EXPENSE	<u>\$ 29 901</u>	<u>\$ -</u>	<u>\$ 29 901</u>

See independent auditor's report.

CITY OF CENTER, TEXAS  
COMBINED COMPONENT UNITS  
STATEMENT OF NET POSITION  
Year Ended September 30, 2023

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
<b>ASSETS</b>				
Cash	\$ 1 118	\$ 1 925	\$ 38 853	\$ 41 896
Investments	2 347 417	1 775 521	-	4 122 938
Due from state	43 095	86 190	-	129 285
Notes receivable	212 890	-	-	212 890
Accrued interest receivable	3 497	-	-	3 497
Land	289 530	-	-	289 530
<b>TOTAL ASSETS</b>	<b>2 897 547</b>	<b>1 863 636</b>	<b>38 853</b>	<b>4 800 036</b>
<b>NET POSITION</b>				
Net investment in capital assets	289 530	-	-	289 530
Unrestricted	2 608 017	1 863 636	38 853	4 510 506
<b>TOTAL NET POSITION</b>	<b>\$ 2 897 547</b>	<b>\$ 1 863 636</b>	<b>\$ 38 853</b>	<b>\$ 4 800 036</b>

See independent auditor's report.

CITY OF CENTER, TEXAS  
COMBINED COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2023

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
Revenues:				
Sales tax	\$ 541 982	\$ 1 083 580	\$ -	\$ 1 625 562
Other income	-	-	18 500	18 500
TOTAL REVENUES	<u>541 982</u>	<u>1 083 580</u>	<u>18 500</u>	<u>1 644 062</u>
Expenditures:				
Administration	30 000	30 000	-	60 000
Contractual	8 250	4 200	2 560	15 010
Sundry	294	154	-	448
Incentives and projects	1 080 000	-	-	1 080 000
TOTAL EXPENDITURES	<u>1 118 544</u>	<u>34 354</u>	<u>2 560</u>	<u>1 155 458</u>
NET OPERATING INCOME (LOSS)	<u>(576 562)</u>	<u>1 049 226</u>	<u>15 940</u>	<u>488 604</u>
Other Financing Sources (Uses):				
Interest income	105 271	72 238	51	177 560
TIF loan interest income	5 274	-	-	5 274
Transfer (to) from City	-	(798 366)	-	(798 366)
TOTAL OTHER FINANCING SOURCES (USES)	<u>110 545</u>	<u>(726 128)</u>	<u>51</u>	<u>(615 532)</u>
CHANGE IN NET POSITION	<u>(466 017)</u>	<u>323 098</u>	<u>15 991</u>	<u>(126 928)</u>
Fund Balance/Net Position:				
Beginning of year	<u>3 363 564</u>	<u>1 540 538</u>	<u>22 862</u>	<u>4 926 964</u>
END OF YEAR	<u>\$ 2 897 547</u>	<u>\$ 1 863 636</u>	<u>\$ 38 853</u>	<u>\$ 4 800 036</u>

See independent auditor's report.



## STATISTICAL SECTION

CITY OF CENTER, TEXAS  
INSURANCE COVERAGE  
September 30, 2023  
"UNAUDITED"

INSURER	RISK COVERED		PERIOD COVERED		AMOUNT OF INSURANCE
Texas Municipal League	Law Enforcement Liability	*	10/01/22 to 10/01/23	\$	1 000 000
Texas Municipal League	Public Officials (Excess Coverage)	*	10/01/22 to 10/01/23	\$	100 000
Deep East Texas Self Insurance Fund	Worker's Compensation	*	10/01/22 to 10/01/23		Statutory
Texas Municipal League	Real and Personal Property	*	10/01/22 to 10/01/23	\$	18 139 672
Texas Municipal League	General Liability	*	10/01/22 to 10/01/23	\$	1 000 000
Texas Municipal League	Airport Liability	*	10/01/22 to 10/01/23	\$	1 000 000
Texas Municipal League	Mobile Equipment	*	10/01/22 to 10/01/23	\$	277 482
Texas Municipal League	Automobile Liability	*	10/01/22 to 10/01/23	\$	1 000 000
Texas Municipal League	Auto Physical Damage	*	10/01/22 to 10/01/23	\$	Actual Cash Value
Texas Municipal League	Public Employee Dishonesty	*	10/01/22 to 10/01/23	\$	25 000
Texas Municipal League	Errors and Omissions Liability	*	10/01/22 to 10/01/23	\$	1 000 000
Texas Municipal League	Sudden Events Involving Pollution	*	10/01/22 to 10/01/23	\$	1 000 000

\* Renewed at 10/01/2023

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS  
September 30, 2023  
"UNAUDITED"

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

Water Rates:

A. Monthly Minimum Charge:

Meter Size	Residential	Commercial	Small Industrial/ Manufacturer 200,000 Gallons Incl.	Wholesale 50,000 Gallons Incl.	Large Industrial Manufacturer 5,000,000 Gallons Incl.	Industrial/Manufacturer Supplemental Meter Charges at Same Facility
5/8- 3/4	\$12.90	\$13.75				
1	\$18.00	\$20.10				
1.5	\$26.75	\$29.60				
2	\$37.50	\$39.50	\$ 925	\$ 300	\$14 200	\$ 57.50
3	\$55.00	\$59.00	\$1 030	\$ 400	\$14 500	\$ 160.00
4	\$73.00	\$79.00	\$1 200	\$ 575	\$14 800	\$ 355.00
6	\$110.00	\$120.00	\$1 550	\$ 890	\$15 500	\$ 670.00
8			\$2 010	\$1 450	\$16 500	\$1 155.00
10			\$2 675	\$2 050	\$17 750	\$1 855.00
Sprinklers	\$20.00	\$20.00				

B. Unit Cost Per 1,000 Gallons:

Residential and sprinklers	\$ 4.10
Commercial	\$ 4.75
Small industrial/manufacturer	\$ 3.85
Wholesale	\$ 3.85
Large industrial/manufacturer	\$ 2.50
Over 1.75M/day or 30M/month	\$ 3.00
Over 2M/day or 40M/month	\$ 4.00
Bulk water	\$ 4.50

C. Outside City Limits:

Rates are double (2x) the rates expressed in A and B above.

Sewer Rates:

Residential:

Inside City Limits:

Minimum

\$15.50 plus 1/2 of Water

Maximum

\$45.00

Commercial:

Minimum

\$18.00 plus 1/2 of Water

Maximum

None

Industrial:

Minimum

\$21.00 plus 1/2 of Water

Maximum

None

Fixed Rates (Tyson office account)

\$310 per month

Outside City Limits:

The rate for services furnished outside the City limits shall be double (2X)  
the rate for the same service supplied inside the City limits.

Sewer Disposal

\$0.06 per gallon

Garbage Rates:

Residential	\$24.70
Commercial Small	\$30.30
Commercial Large	\$41.00

Commercial Dumpster Rates:

p/u per week	1X	2X	3X	4X	5X	6X	Extra Collections
Size							
2 Yard	108.00	186.00	253.00	332.00	423.00		45.00
3 Yard	119.00	211.00	298.00	392.00	484.00		47.50
4 Yard	135.00	228.00	315.00	430.00	529.00		50.00
6 Yard	165.00	243.00	354.00	450.00	552.00		52.00
8 Yard	203.00	362.00	512.00	743.00	817.00	947.00	54.00

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2023  
"UNAUDITED"

Industrial, Compactor or Special Services:

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

Utility Tap Fees:

1. Water

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

2. Sewer

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

Utility Deposits:

Type Service			Deposit
Water	-	\$	125.00
Water, Sewer and Garbage Collection	-	\$	125.00
Commercial/Industrial Water, Sewer and Garbage Collection	-	\$	200.00
Commercial - Bulk Water/Temp Construction Water	-	\$	200.00
Garbage Collection Only	-	\$	50.00
Risk Account Additional Deposit	-	\$	125.00

Utility Account Fees:

Administrative Fee	-	\$	25.00
After Hours Call-out Fee (Emergency cut off)	-	\$	125.00
Broken Lock Fee	-	\$	50.00
Curb Stop Replacement Fee	-	\$	100.00
Payment Agreement Fee	-	\$	25.00
Utility Reconnection Fee	-	\$	75.00
Meter Removal/Reconnection Fee	-	\$	100.00
Cut-Off Valve Installation Fee	-	\$	100.00
Return Check Fee	-	\$	50.00
Meter Set Fee - 2 inch meter and below	-	\$	400.00
Meter Tampering Fee	-	\$	100.00
Dumpster Lock Fee	-	\$	10.00

Permits:

PERMIT TYPE		
Garage Sale Permit		\$5
House Moving Permit		\$250
Itinerant Salesperson Business Annual Fee		\$50
Additional Fee Per Sales Person		\$25
Wrecker Permit - Annual Fee		\$10
Taxi Permit - Annual Fee		\$50
Construction Permits and Fees		
Electrical Permit/One Inspection		\$35
Each Additional Inspection (foundation, rough-in, final)		\$35
Plumbing Permit/One Inspection		\$35
Emergency Inspection - Plumbing/Electrical		\$200
Each Additional Inspection (foundation, rough-in, final)		\$35
Gas Inspection Fee		\$35

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2023  
"UNAUDITED"

PERMIT TYPE		
Building Permit and Inspections:		
Residential Construction		\$0.30 per sf for 1 <sup>st</sup> 1,000 sf
		\$0.20 per sf for 1,001 to 2,500 sf
		\$0.15 per sf for 2,501 sf +
Commercial/Industrial Construction		\$5 per \$1,000 for 1 <sup>st</sup> \$100K
		\$3 per \$1,000 for \$100K - \$250K
		\$2 per \$1,000 for \$250K and above
Minimum Permit Fee		\$35
Driveway/Curb Cut/Culvert Permit (Ch 78)		\$35
Demolition (Any Structure/Building)		\$50
Piers, Etc. at Lake Pinkston		\$50
Zoning Fees		
Rezoning Request		\$250
Zoning Variance		\$350
Specific Use Request		\$250
Copy of Ordinance and Map		\$20

Airport Fees:

TYPE FEE		
Hangar/Building Leases		
Private T-Hangers		\$180
City-Owned Hangers		\$2 750
Additional Fees May Apply for Services in Hangers		
Ground Leases		\$0.135/SF
Fuel Flowage Fee		\$0.15/Gallon

Police and Municipal Court:

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

Recreation Program Fees:

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

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

Park/Field Temporary Use Permit:

Site	Fee	
	Daily	Seasonal
Portacool Park Basketball Pavilion; Center Park Pavilion; Perry Sampson Park	\$25	N/A
Baseball, Soccer, Softball (each field)	\$50	\$250
- With Field Lights (up to 2 hours)	\$75	\$250

Miscellaneous:

Animal Control		
Reclaimed Animal Charge		\$20/Day
Carnival/Festival Permit		\$500
Downtown Electric Use Fee		\$50/Day
Temporary Road Closure (e.g. Parade, Private function, road 5K's requiring TxDOT closure)		\$100
Record Request Charges		
Copies		\$0.10/page
Computer Printouts		\$0.25/page
Other Charges		Per Texas State Library Fee Schedule

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2023  
"UNAUDITED"

Windham Civic Center Rental:

		Weekday - Evening (Mon. - Thurs.)						Weekend (Fri. - Sun.)							
		2022	2023	2nd	2nd	2022	2023	2022	2023	2nd	2nd	2022	2023	2022	2023
Room	Sq. Ft.	Rate	Rate	Rate**	Rate**	Deposit	Deposit	Rate	Rate	Rate**	Rate**	Half-Day	Half-Day	Damage	Damage
Brd.Rm	700	\$225	\$250	\$150	\$150	\$115	\$125	\$250	\$250	\$175	\$175	N/A	N/A	\$125	\$150
Hourly Rate		\$35	\$50	N/A	N/A	\$30	\$50	\$50	\$75					\$50	\$50
Lobby (Hourly Rate)	2,000	\$35	\$50	N/A	N/A	\$30	\$50	\$50	\$75					\$50	\$50
Civic Rm	1,000	\$225	\$250	\$125	\$125	\$100	\$125	\$250	\$275	\$150	\$150	\$100	\$100	\$115	\$125
Rm A or C	2,400	\$225	\$250	\$125	\$125	\$100	\$125	\$300	\$325	\$200	\$200	\$150	\$150	\$150	\$150
Rm B	1,900	\$200	\$225	\$150	\$150	\$100	\$100	\$250	\$275	\$150	\$175	\$100	\$125	\$125	\$150
Rm A or C w/B	4,300	\$375	\$400	\$250	\$250	\$175	\$200	\$450	\$500	\$325	\$325	\$225	\$250	\$225	\$250
Rm A, B, C	6,700	\$550	\$600	\$400	\$400	\$250	\$300	\$650	\$700	\$425	\$450	\$300	\$325	\$300	\$325
Conf. Hall		\$625	\$700	\$475	\$475	\$300	\$350	\$750	\$800	\$550	\$575	\$400	\$450	\$350	\$375
Entire Bldg (-Brd Rm)		\$900		\$600	\$600	\$450	\$500						\$600	\$750	\$800

		Weekday - 8 a.m. - 5 p.m.						Additional Fees		
		2022	2023	2nd	2nd	2022	2023			
Room	Sq. Ft.	Rate	Rate	Rate**	Rate**	Deposit	Deposit			
Brd.Rm	700	\$165	\$175	\$100	\$100	\$75	\$75	Microphones		
Hourly Rate		\$35	\$50			\$30	\$50	Cordless	Each	\$25
Lobby (Hourly Rate)	2,000	N/A	N/A	N/A	N/A	N/A	N/A	Corded	Each	\$20
Civic Rm	1,000	\$150	\$175	\$100	\$100	\$75	\$75	Soundboard	Each	\$35
Rm A or C	2,400	\$175	\$200	\$125	\$125	\$85	\$100	Chair Upgrade	Each Chair	\$1
Rm B	1,900	\$150	\$150	\$100	\$100	\$75	\$75	Stage:		\$75
Rm A or C w/B	4,300	\$300	\$350	\$175	\$175	\$150	\$175	1-3 sections		\$150
Rm A, B, C	6,700	\$450	\$475	\$300	\$300	\$225	\$250	4-6 sections		\$15
Conf. Hall		\$500	\$550	\$325	\$325	\$250	\$275	Curtain	Each Section	\$15
Entire Bldg (-Brd Rm)		\$900		\$600	\$600	\$450	\$500	Laptop Connection	Each	\$25
								Uplights	Each	\$7
									For the set of 16	\$100
								Projector/Screen		\$75
								Laser Light Fixture		\$15
								Computer Remote Control		\$5
								Conference Call	Call 20 min or less	\$15
									Call 20-45 min.	\$25
									Call >45 min.	\$50
								Coffee/Water Service up to 25 ppl	Per Day	\$30
								Coffee/Water Service up to 75 ppl	Per Day	\$50
								Coffee/Water Service up to 150 ppl	Per Day	\$100
								Coffee/Water Service over 150 ppl	Per Day	\$200

	People	Rate		People	Rate
Kitchen/Catering	0-50	\$50	Alcohol Fee (charged for	0-50	\$50
	50-100	\$75	extra clean-up and risk	50-100	\$75
	100-150	\$100	to the facility)	100-150	\$100
	150-200	\$125		150-200	\$125
	200+	\$150		200+	\$150

Proposal of a \$15.00/half hour charge deducted from the damage deposit for not arriving when requested (if necessitates staff arriving earlier than necessary)

Community House Building Rental:

	Regular Rates			Taxpayer/Non-Profit Rates		
	Rate	2nd	Damage	Rate	2nd	Damage
Rent	\$325	\$150	\$150	\$275	\$125	\$125
Projector/Screen	\$75		\$75	\$75		
Room Setup	\$75		\$75	\$75		

The following deductions from the damage deposit are recommended:

- \$10 - Leaving the lights on
- \$10 - Not taking out the trash
- \$25 - Use of tape on the ceiling/dry wall
- \$50 - Not cleaning the facility
- \$150 - Use of alcohol

Credit Card Transaction Fee:

3.5% of payment amount. Not inclusive of 3<sup>rd</sup> party convenience fees.

CITY OF CENTER, TEXAS  
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED  
September 30, 2023  
"UNAUDITED"

Residential Service:

		Customer Rate		
		City Rate		21.12
2x Week Service				
Handicapped-back door service				

Commercial Handload Service:

		Customer Rate		
		City Rate		19.35
(Note - Must meet the same requirements as residential approximate 10 bags max. for 2x/week)				

Small Commercial Hand Load:

		Customer Rate		
		City Rate		19.35
Bag limit is 3 bags maximum or less				

Carts placed only for operational reasons. If needed for this purpose equate the number of carts and frequency to size of a front load, rate will be the same.

SIZE	1x	2x	3x	4x	5x	6x	Extra Lift
2 Yard	93.40	167.75	231.81	301.21	388.80		40.00
3 Yard	104.81	188.40	270.71	354.62	446.00		41.85
4 Yard	120.05	203.92	286.36	390.73	488.06		43.77
6 Yard	146.71	219.17	316.47	407.99	510.55		45.65
8 Yard	181.17	325.93	465.18	672.55	753.01	891.46	47.52

6 yd vertipack compactor \$440.16 month for 1x wk pick up - 32x per week \$1,008.69

City allowed 90 cubic yards per year at no charge as follows: 600 cubic yards for clean ups.

300 cubic yards from City's water treatment plant not to exceed 300 cubic yards or 300 tons from June 1 to May 31 annually.

30 yd Roll Off rate if needed \$777.28 per haul, \$100.00 rent and \$100.00 delivery.

40 yd Roll Off rate if needed \$884.00 per haul, \$100.00 \$3 day rent \$100.00 delivery.

Bulky Item drop off at City Annex, no residential pickup provided.

30 yd Compactor - \$848.01 per haul

40 yd Compactor - \$1,111.08

At September 30, 2023, the records of the City indicated the following system connections:

Water System	2 433
Sewer System	2 049
Garbage System	2 071

## COMPLIANCE SECTION



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

Honorable Mayor and City Council  
City of Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Center, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Center, Texas' basic financial statements, and have issued our report thereon dated April 22, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Lufkin, Texas  
April 22, 2024

*Axley & Rode LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Honorable Mayor and Members of the City Council:

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

**Opinion on Each Major Federal Program**

We have audited the City of Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, which could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

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

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

We are required to be independent of the City of Center and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Center's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

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

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

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

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

- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risk. Such procedures include examining, on a test basis, evidence regarding the City of Center's compliance with the compliance requirement referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the City of Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

### **Conclusion**

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

Lufkin, Texas  
April 22, 2024

  
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF CENTER, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2023

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_ Yes      X No

Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_ Yes      X None Reported

Noncompliance material to financial statements noted?

\_\_\_\_ Yes      X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_ Yes      X No

Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_ Yes      X None Reported

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

UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Uniform Guidance?

\_\_\_\_ Yes      X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster*</u>
21.027	Coronavirus Local Fiscal Recovery Fund Grant

Dollar threshold used to distinguish between Type A and Type B Federal programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_ Yes      X No

B. Financial Statement Findings

None

C. Federal Compliance Findings

None

CITY OF CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS- THROUGH ID	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. Department of Treasury:			
Passed through Texas Division of Emergency Management:			
Coronavirus Local Fiscal Recovery Fund	N/A	21.027	\$ 746 758
TOTAL U.S. DEPARTMENT OF TREASURY			<u>746 758</u>
U.S. Department of Justice:			
Community Policing Grant	N/A	16.710	46 917
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>46 917</u>
U.S. Department of Housing and Urban Development:			
Passed through Texas Department of Agriculture:			
Community Development Block Grant	7220081	14.228	40 280
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>40 280</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>833 955</u></u>

CITY OF CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
September 30, 2023

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Center under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Center.
2. For all federal programs, the City uses the fund types specified in Governmental Accounting Standards. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a governmental fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net fund balance.  
  
The modified accrual basis of accounting is used for the governmental fund types, and agency funds. The basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.  
  
Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3 Uniform Guidance Compliance Statement - Provisional 6/97.
5. City of Center has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

CITY OF CENTER, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2023

Findings/Recommendation	Current Status	Management's Explanation if Not Implemented
<u>Finding 2022-01:</u> Segregation of duties in payroll	Resolved	N/A

CITY OF CENTER, TEXAS  
CORRECTIVE ACTION PLAN  
For the Year Ended September 30, 2023

None