CITY OF
LIBERTY, TEXAS
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2023

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023

City of
Liberty
TEXAS

ANNUAL FINANCIAL REPORT

of the

City of Liberty, Texas

For the Year Ended
September 30, 2023

City of
Liberty
TEXAS

City of Liberty, Texas

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Liberty, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements 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, the combining and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
February 2, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Liberty, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

As management of the City of Liberty, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2023 by $110,453,981. Of this amount, $34,910,521 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $13,551,464. The majority of the City's net position is invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $10,965,598 at September 30, 2023, an increase of $4,010,657 from the prior fiscal year; this includes an increase of $880,271 in the general fund, an increase of $26,855 in the debt service fund, an increase of $1,806,400 in the capital projects fund, an increase of $1,071,620 in the HMPG flood wall & levee fund, and an increase of $225,511 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $2,199,214 or 20% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

Both 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 administration, recreation and leisure, economic development/tourism, public health/safety, public works, airport, golf course, and business and support services. The business-type activities of the City include electric, water and wastewater and solid waste operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate component unit, the Liberty Community Development Corporation, which the City is financially accountable. Financial information for this component unit are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 22-27 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 assessing 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 maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects, debt service fund, HMPG Flood Wall and Levee, and American Rescue Plan fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, and certain special revenue funds. A budgetary comparison statement has been provided for the general fund and the major special revenue funds.

The basic governmental fund financial statements can be found on pages 28-37 of this report.

Proprietary Funds

The City's proprietary funds are all enterprise funds. *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 electric, water/wastewater, and solid waste utility operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric fund, water/wastewater fund, and solid waste fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 38-43 of this report.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Liberty Community Development Corporation is a discretely presented component unit and displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-79 of this report.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund and major special revenue funds, a schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Liberty, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by $110,453,981 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, $67,976,604 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Liberty, Texas's net position of $7,566,856 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $34,910,521 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Liberty, Texas is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 15,105,268	$ 45,613,435	$ 60,718,703	$ 15,013,118	$ 41,194,714	$ 56,207,832
Internal balances	370,084	(370,084)	-	(3,073,806)	3,073,806	-
Long-term assets	50,160,959	30,822,546	80,983,505	46,623,760	27,600,259	74,224,019
Total Assets	65,636,311	76,065,897	141,702,208	58,563,072	71,868,779	130,431,851
Deferred Outflows	1,560,887	175,147	1,736,034	566,190	62,071	628,261
Current liabilities	5,779,481	2,699,234	8,478,715	5,978,317	2,391,729	8,370,046
Long-term liabilities	14,052,803	10,277,614	24,330,417	14,069,586	10,647,601	24,717,187
Total Liabilities	19,832,284	12,976,848	32,809,132	20,047,903	13,039,330	33,087,233
Deferred Inflows	157,327	17,802	175,129	960,038	110,324	1,070,362
Net Position:						
Net investment in capital assets	37,765,320	30,211,284	67,976,604	32,597,104	27,282,980	59,880,084
Restricted	7,457,333	109,523	7,566,856	4,456,889	105,768	4,562,657
Unrestricted	1,984,934	32,925,587	34,910,521	1,067,328	31,392,448	32,459,776
Total Net Position	$ 47,207,587	$ 63,246,394	$ 110,453,981	$ 38,121,321	$ 58,781,196	$ 96,902,517

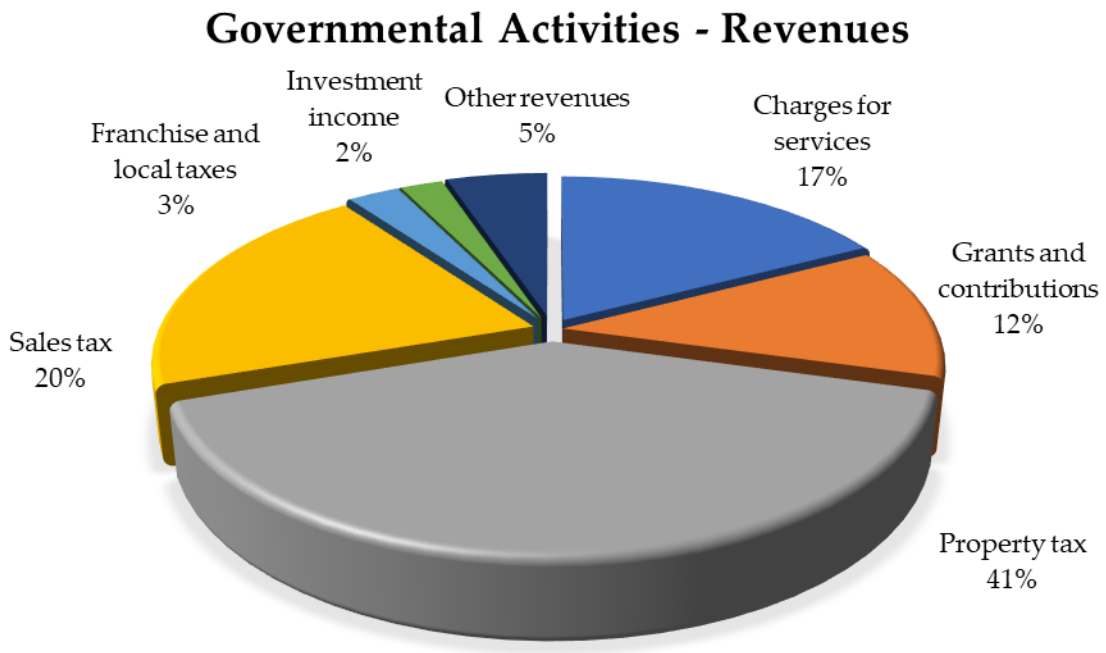
Current and other assets for business-type activities increased $4,418,721 primarily due to greater cash/investments on hand resulting from operating surpluses during the year. Long-term assets for governmental activities increased $3,537,199 primarily due to fire station renovations and street infrastructure investments during the year.

Statement of Activities:

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

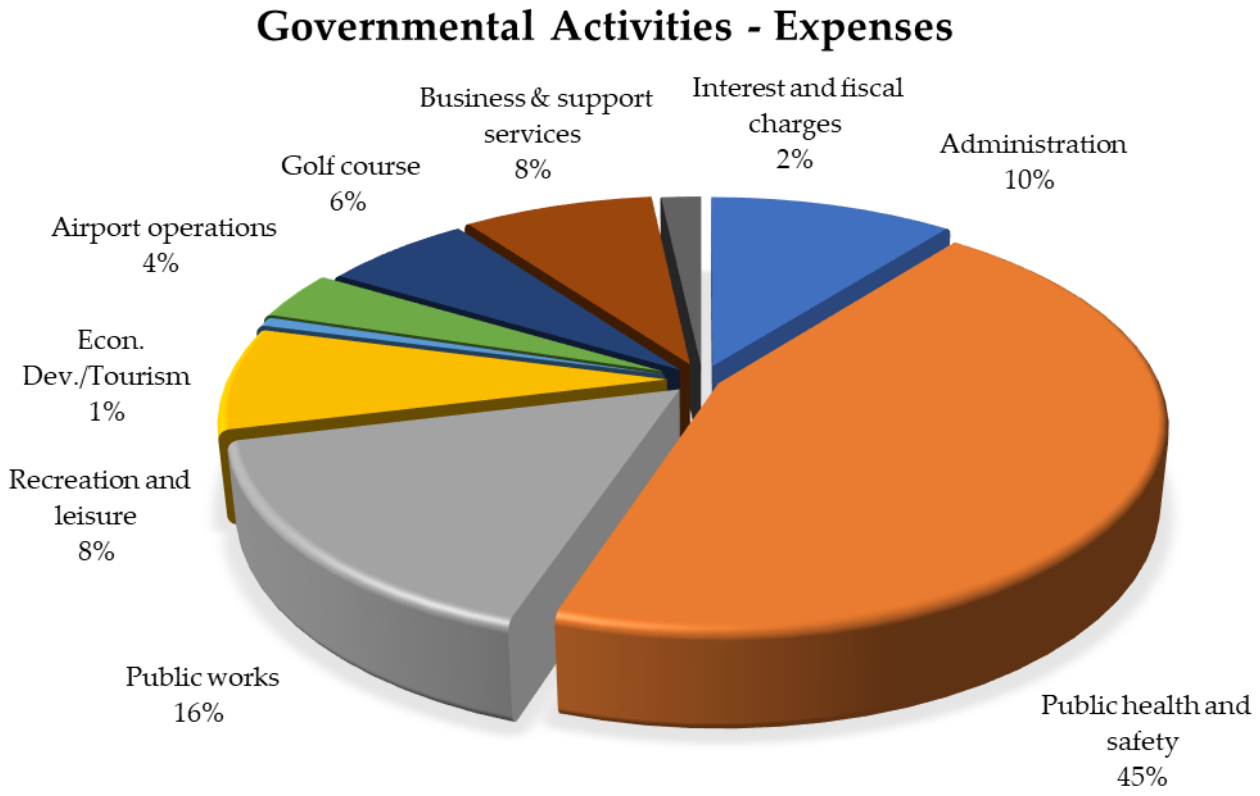
	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 2,087,236	$ 20,806,237	$ 22,893,473	$ 1,757,378	$ 17,881,732	$ 19,639,110
Operating grants	119,709	-	119,709	126,062	-	126,062
Capital contributions	1,328,376	10,763,717	12,092,093	2,205,128	6,000,000	8,205,128
General revenues:						
Property tax	4,877,936	-	4,877,936	4,911,011	-	4,911,011
Sales tax	2,441,550	-	2,441,550	2,288,204	-	2,288,204
Franchise & local taxes	319,410	-	319,410	314,187	-	314,187
Investment income	262,530	1,603,222	1,865,752	151,399	181,992	333,391
Other revenues	621,789	-	621,789	301,390	-	301,390
Total Revenues	12,058,536	33,173,176	45,231,712	12,054,759	24,063,724	36,118,483
Expenses						
Administration	1,526,706	-	1,526,706	1,675,202	-	1,675,202
Public health and safety	6,332,116	-	6,332,116	6,014,165	-	6,014,165
Public works	2,281,796	-	2,281,796	2,104,155	-	2,104,155
Recreation and leisure	1,134,348	-	1,134,348	1,098,671	-	1,098,671
Econ. Dev/tourism	106,198	-	106,198	70,061	-	70,061
Airport operations	537,746	-	537,746	804,127	-	804,127
Golf course	911,694	-	911,694	490,876	-	490,876
Bus. & support services	1,176,179	-	1,176,179	1,368,228	-	1,368,228
Int. & fiscal charges	245,574	331,531	577,105	289,029	278,011	567,040
Electric	-	13,611,383	13,611,383	-	10,111,226	10,111,226
Water and wastewater	-	2,857,488	2,857,488	-	3,938,889	3,938,889
Solid waste	-	627,489	627,489	-	611,241	611,241
Total Expenses	14,252,357	17,427,891	31,680,248	13,914,514	14,939,367	28,853,881
Change in Net Position Before Transfers	(2,193,821)	15,745,285	13,551,464	(1,859,755)	9,124,357	7,264,602
Transfers	11,280,087	(11,280,087)	-	4,899,438	(4,899,438)	-
Total	11,280,087	(11,280,087)	-	4,899,438	(4,899,438)	-
Change in Net Position	9,086,266	4,465,198	13,551,464	3,039,683	4,224,919	7,264,602
Beginning Net Position	38,121,321	58,781,196	96,902,517	35,081,638	54,556,277	89,637,915
Ending Net Position	$ 47,207,587	$ 63,246,394	$ 110,453,981	$ 38,121,321	$ 58,781,196	$ 96,902,517

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



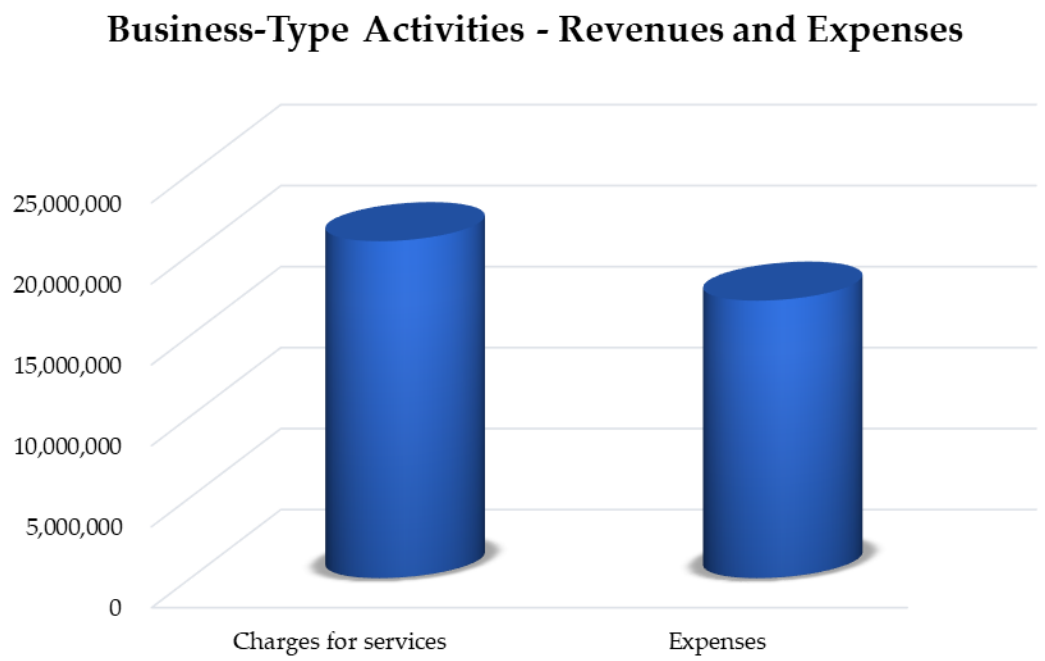
For the year ended September 30, 2023, revenues from governmental activities totaled $12,058,536. Property tax and sales tax are the City's largest general revenue sources. Overall revenue increased slightly by $3,777 from the prior year. Charges for services increased by $329,858 or 19% primarily due to increased demand for emergency medical services over the course of the year. Sales taxes increased by $153,346 or 7% primarily due to economic growth fueled by local purchases. Capital and operating contributions decreased by $883,105 or 40% primarily due to nonrecurring public works related capital contributions received in the prior year. Investment income increased by $111,131 or 73% due to greater interest-bearing cash balances and realization of higher interest rates over the course of the year. Other revenues increased by $320,399 or over 100% due to nonrecurring refunds and greater credit card processing fees charged during the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2023, expenses for governmental activities totaled $14,252,357. This represents an increase of $337,843 or 2% from the prior year. The City's largest functional expense is public health and safety totaling $6,332,116, which increased by $317,951 or 5% as a result of nonrecurring fire department overtime pay due to greater emergency services provided during the year. Public works expenses increased by $177,641 or 8% primarily due to greater annual depreciation resulting from sanitary sewer improvements being transferred to in-service assets during the year. Airport expenses decreased by $266,381 or 33% primarily due to a reduction in aviation fuel expenses, as fuel prices were lower in comparison to the previous year. Golf course expenses increased by $420,818 or 86% primarily due to greater course operating costs in the prior year. The golf course was closed for renovations in the prior year. Business and support services decreased by $192,049 or 14% primarily as a result of nonrecurring vehicle/building maintenance and contingency costs recognized in the prior year. All other governmental activities expenses remained relatively consistent with the prior year.

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



For the year ended September 30, 2023, charges for services by business-type activities totaled $20,806,237. This represents an increase of $2,924,505 and 16% from the previous year primarily due to greater customer consumption and utility service rates charged compared to the previous year.

Total business-type activity expenses increased by $2,488,524 or 17% to a total of $17,427,891. Electric expenses totaled $13,611,383, while water/wastewater and solid waste utility operations totaled $3,189,019 (includes interest and fiscal charges) and $627,489, respectively. Solid waste-related expenses remained consistent with the prior year. Electric fund expenses increased by $3,500,157 or 32% primarily due greater electricity consumption by customers and purchased electric power in the current year. Water and wastewater fund expenses decreased by $1,081,401 or 27% primarily as a result nonrecurring sewer plant/equipment maintenance, legal fees, and bad debt expenses in the prior year. Interest and fiscal charges increased by $53,520 or 19% primarily as a result of the first interest payments made on the 2022 certificates of obligation. Interest payments commenced on March 1, 2023.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2023, the City's governmental funds reported combined fund balances of $10,965,598, an increase of $4,010,657 in comparison with the prior year. Approximately 20% of this amount, $2,160,287, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, or committed* to indicate that it is 1) not in spendable form $70,622, 2) restricted for particular purposes $7,457,333, or 3) assigned for capital improvements $1,277,356.

As of the end of the year the general fund reflected a total fund balance of $3,452,698. Of this, $70,622 is considered not in spendable form, $13,046 is restricted, $1,169,816 is assigned, and $2,199,214 is unassigned. General fund balance increased by $880,271 during the current year primarily as a result greater than expected revenues and less than anticipated expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $2,199,214 is 20% of total general fund expenditures.

The debt service fund had an ending fund balance of $2,593,877 at September 30, 2023, an increase of $26,855 primarily due to current year property taxes and investment income exceeding the required debt service payments for the year. During the year, the fund recorded total principal and interest payments totaling $1,717,430, property tax revenue of $1,655,571 and investment income of $88,714.

The capital projects fund had an ending fund balance of $3,007,319 at September 30, 2023, an increase of $1,806,400 when compared to the prior year. This increase was primarily a result of transfers from the electric fund in the current year.

The HMPG flood wall and levee fund had an ending fund balance of $1,154,991, an increase of $1,071,620 is primarily due to intergovernmental revenues and transfers outweighing limited capital outlay expenditures during the year.

The American Rescue Plan fund had an ending fund balance of $0. The fund balance did not change over the course of the year. No new grant revenues were received in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the electric fund, totaled $40,918,150. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to $32,925,587, an increase of $1,533,139 over the previous year. Total investment in capital assets, net of related debt was $30,211,284, and capital assets, net of depreciation totaled $30,822,546.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of $7,357,100 were less than actual revenues of $8,169,516, resulting in a total positive revenue variance of $812,416. All actual revenues were greater than the budgeted amounts, with the exception of property taxes, licenses and permits, and fines and forfeitures. Total budgeted

expenditures of $12,460,447 were more than actual expenditures of $10,901,235, resulting in a total positive expenditure variance of $1,559,212. All departmental expenditures were less than the budgeted amounts, with the exception of general government, fire/EMS, police, and animal control. Expenditures did not exceed appropriations at the legal level of control. No budget amendments were approved during the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $50,160,959 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $30,822,546 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

- Fire station renovations totaling $2,118,185.
- City library renovations for $306,482.
- Fiber project investments totaling $644,748.
- Roof replacement for airport hanger totaling $206,535.
- Street rehabilitation project improvements totaling $2,186,130.
- Fire hydrant replacement of $221,425.
- Purchase of new golf course equipment totaling $189,754.
- Elevated storage tank rehabilitation totaling $300,061.
- Minglewood wasterwater improvements totaling $125,213.
- Hwy 90 water project investments of $315,600.
- Contribution of electric infrastructure from the SRMPA with a value of $3,763,717.

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

LONG-TERM DEBT

The City's outstanding bonds, notes payable, lease liabilities, and certificates of obligation, net of all premiums and discounts, decreased by $1,834,024 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year was $22,211,462, net of all premiums and discounts. Of this amount, $20,380,000 (excluding unamortized premium/discount) comprises of bonded debt backed by the full faith and credit of the City, and the remaining represents bonds secured solely by self-supporting activities.

More detailed information about the City's long-term liabilities is presented in note IV.E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The property values, as certified on the 2023 tax roll, were $857,141,614 or 11.5% over the 2022 property values. The total adjusted values of taxable property for tax year 2022 are $659,674,213 while the adjusted values taxable property for tax year 2023 are $732,514,918 or 11.0% higher than the previous tax year, with the values under protest and tax ceiling properties included. This is an increase of $72,840,705 over the 2022 total taxable value. The increase in the tax ceiling was 16.1 % or $17,318,284 over the 2022 values. The FY 2024 Budget also includes revenue from the Industrial District Agreement (IDA) executed in 2019 between the Moss Bluff Hub Partners, Inc., and the City. The anticipated revenue for FY 2024 from the IDA agreement is $550,000.

Sale and Use Taxes and Property Taxes are the largest sources of revenue in the General Fund representing 19.3% and 23.2%, respectively. The FY 2024 Sales and Use Taxes represent a 1% decrease, and the property taxes represent a 0.3% decrease of the total revenue of the General Fund Budget over the FY 2023 Budget. The FY 2024 Budget anticipates an increase of 0.2% growth in sales tax revenue and a 0.06% increase in property tax revenue over the FY 2023 Budget.

The recent changes in tax legislation by the State Legislature has resulted in a change in calculating the tax rate. The Administration is proposing a tax rate slightly below the Voter Approval Rate (VAR) of $0.622757698 for Fiscal Year 2024. The No New Revenue (NNR) tax rate of $0.596928196 per $100 of assessed value will not generate sufficient revenues to cover general fund expenses and debt service. The current tax rate of $0.6121 per $100 of assessed value is to be increased to $0.6204 per $100 of assessed value. Of the FY 2024 assessed value, $0.3870 (M&O) will be allocated to the General Fund and $0.2334 (I&S) will be apportioned to debt service. The slight increase in the FY 2024 proposed M&O over the 2023 NNR is $46.00 per year or $3.83 per month based on an average homestead taxable value.

The 2023 Budget includes the addition of two positions. The Liberty Independent School District is requesting an additional School Resource Officer and the Fire Department is requesting a Fire Marshall position. Additionally, a 4.34% decrease in health care costs for employees and dependents is included in the budget for all full-time employees. The cost for employee only insurance will continue to be paid for by the City. The cost of dependent coverage will be split between the city and the employee on a 55% and 45% basis, respectively. Additionally, a minimum 3% wage increase for all employees has been included in this year's budget.

Fiscal Year 2024 is a balanced general fund budget with revenues and expenditures of $11,664,456 This is a 7.6% or $818,881 increase over the Fiscal Year 2023 Budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Financial Department.

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BASIC FINANCIAL STATEMENTS

City of Liberty, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 13,405,586	$ 29,341,407	$ 42,746,993
Investments	90,871	13,173,262	13,264,133
Receivables, net	1,535,017	2,553,042	4,088,059
Due from primary government	-	-	-
Internal balances	370,084	(370,084)	-
Inventories	73,794	545,724	619,518
Total Current Assets	15,475,352	45,243,351	60,718,703
Capital assets:			
Non-depreciable	8,025,495	2,525,001	10,550,496
Net depreciable capital assets	42,135,464	28,297,545	70,433,009
Total Noncurrent Assets	50,160,959	30,822,546	80,983,505
Total Assets	65,636,311	76,065,897	141,702,208
Deferred Outflows of Resources			
Pension outflows	1,547,860	175,147	1,723,007
Deferred charge on refunding	13,027	-	13,027
Total Deferred Outflows of Resources	1,560,887	175,147	1,736,034

Component Unit
Liberty CDC
$ 2,612,770
-
203,244
5,650
-
-
2,821,664
-
-
-
2,821,664
-
-
-

City of Liberty, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	$ 1,589,702	$ 1,403,163	$ 2,992,865
Accrued liabilities	-	32,697	32,697
Due to component unit	-	5,650	5,650
Deposits payable	-	649,071	649,071
Grants received in advance	2,306,210	-	2,306,210
Compensated absences, current	381,321	53,223	434,544
Accrued interest payable	23,452	30,430	53,882
Long-term debt due in one year	1,478,796	525,000	2,003,796
	5,779,481	2,699,234	8,478,715
Noncurrent liabilities:			
Net pension liability	3,660,291	414,177	4,074,468
Compensated absences, noncurrent	42,369	5,914	48,283
Long-term debt due in more than one year	10,350,143	9,857,523	20,207,666
Total Noncurrent Liabilities	14,052,803	10,277,614	24,330,417
Total Liabilities	19,832,284	12,976,848	32,809,132
Deferred Inflows of Resources			
Pension inflows	157,327	17,802	175,129
Total Deferred Inflows of Resources	157,327	17,802	175,129
Net Position			
Net investment in capital assets	37,765,320	30,211,284	67,976,604
Restricted for:			
Debt service	2,628,040	109,523	2,737,563
Public education	79,249	-	79,249
Public safety	58,262	-	58,262
Tourism	119,950	-	119,950
Library	356,160	-	356,160
Capital projects	4,215,672	-	4,215,672
Community development	-	-	-
Unrestricted	1,984,934	32,925,587	34,910,521
Total Net Position	$ 47,207,587	$ 63,246,394	$ 110,453,981

See Notes to Financial Statements.

Component Unit
Liberty CDC
$ 193
-
-
-
-
-
9,627
155,000
164,820
-
-
1,904,687
1,904,687
2,069,507
-
-
-
81,719
-
-
-
-
-
670,438
-
$ 752,157

City of Liberty, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
Administration	$ 1,526,706	$ -	$ -	$ -
Public health and safety	6,332,116	1,256,573	24,372	-
Public works	2,281,796	108,331	95,337	747,478
Recreation and leisure	1,134,348	29,950	-	-
Economic development/tourism	106,198	-	-	215,563
Airport operations	537,746	313,836	-	23,335
Golf course	911,694	378,546	-	342,000
Business & support services	1,176,179	-	-	-
Interest and fiscal charges	245,574	-	-	-
Total Governmental Activities	14,252,357	2,087,236	119,709	1,328,376
Business-Type Activities				
Electric	13,611,383	14,547,951	7,000,000	3,763,717
Water and wastewater	3,189,019	5,425,654	-	-
Solid waste	627,489	832,632	-	-
Total Business-Type Activities	17,427,891	20,806,237	7,000,000	3,763,717
Total Primary Government	$ 31,680,248	$ 22,893,473	$ 7,119,709	$ 5,092,093
Component Units				
CDC	812,380	-	-	-
Total Component Units	$ 812,380	$ -	$ -	$ -

General Revenues:	
Taxes	
Property taxes	
Sales taxes	
Franchise and local taxes	
Other revenues	
Investment income	
Transfers	
Total General Revenues and Transfers	
Change in Net Position	
Beginning Net Position	
Ending Net Position	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Liberty CDC
$ (1,526,706)	$ -	$ (1,526,706)	$ -
(5,051,171)	-	(5,051,171)	-
(1,330,650)	-	(1,330,650)	-
(1,104,398)	-	(1,104,398)	-
109,365	-	109,365	-
(200,575)	-	(200,575)	-
(191,148)	-	(191,148)	-
(1,176,179)	-	(1,176,179)	-
(245,574)	-	(245,574)	-
(10,717,036)	-	(10,717,036)	-
-	11,700,285	11,700,285	-
-	2,236,635	2,236,635	-
-	205,143	205,143	-
-	14,142,063	14,142,063	-
(10,717,036)	14,142,063	3,425,027	-
			(812,380)
			(812,380)
4,877,936	-	4,877,936	-
2,441,550	-	2,441,550	1,219,529
319,410	-	319,410	-
621,789	-	621,789	-
262,530	1,603,222	1,865,752	88,401
11,280,087	(11,280,087)	-	-
19,803,302	(9,676,865)	10,126,437	1,307,930
9,086,266	4,465,198	13,551,464	495,550
38,121,321	58,781,196	96,902,517	256,607
$ 47,207,587	$ 63,246,394	$ 110,453,981	$ 752,157

City of Liberty, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2023

	General	Debt Service	Capital Projects	HMPG Flood Wall & Levee
Assets				
Cash and cash equivalents	$ 3,235,440	$ 2,577,231	$ 3,946,898	$ 664,173
Investments	-	-	-	-
Accounts receivable, net	843,950	229,682	105,073	280,459
Due from other funds	389,669	17,885	-	210,359
Inventories	70,622	-	-	-
Total Assets	$ 4,539,681	$ 2,824,798	$ 4,051,971	$ 1,154,991
Liabilities				
Accounts payable	466,173	1,239	1,044,652	-
Grants received in advance	-	-	-	-
Due to other funds	236,650	-	-	-
Total Liabilities	702,823	1,239	1,044,652	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	384,160	229,682	-	-
Total Deferred Inflows of Resources	384,160	229,682	-	-
Fund Balances				
Nonspendable:				
Inventories	70,622	-	-	-
Restricted for:				
Debt service	-	2,593,877	-	-
Public education	-	-	-	-
Public safety	13,046	-	-	-
Tourism	-	-	-	-
Library	-	-	-	-
Capital projects	-	-	3,007,319	1,154,991
Assigned	1,169,816	-	-	-
Unassigned	2,199,214	-	-	-
Total Fund Balances	3,452,698	2,593,877	3,007,319	1,154,991
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,539,681	$ 2,823,559	$ 3,007,319	$ 1,154,991

See Notes to Financial Statements.

American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
$ 2,306,210	$ 675,634	$ 13,405,586
-	90,871	90,871
-	75,853	1,535,017
-	8,406	626,319
-	3,172	73,794
$ 2,306,210	$ 853,936	$ 15,731,587
-	77,638	1,589,702
2,306,210	-	2,306,210
-	19,585	256,235
2,306,210	97,223	4,152,147
-	-	613,842
-	-	613,842
-	-	70,622
-	34,163	2,628,040
-	79,249	79,249
-	45,216	58,262
-	119,950	119,950
-	356,160	356,160
-	53,362	4,215,672
-	107,540	1,277,356
-	(38,927)	2,160,287
-	756,713	10,965,598
$ -	$ 853,936	$ 15,117,745

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City of Liberty, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

Fund Balances - Total Governmental Funds	$	10,965,598
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		8,025,495
Capital assets - net depreciable		42,135,464
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		613,842
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension inflows		(157,327)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension outflows		1,547,860
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(23,452)
Deferred charges:		
Deferred charges on refunding		13,027
Bond premium		(863,053)
Net pension liability		(3,660,291)
Compensated absences		(423,690)
Non-current liabilities due in one year		(1,478,796)
Non-current liabilities due in more than one year		(9,487,090)
Net Position of Governmental Activities	$	47,207,587

See Notes to Financial Statements.

City of Liberty, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	HMPG Flood Wall & Levee
Revenues				
Property tax	$ 3,122,265	$ 1,655,571	$ -	$ -
Sales tax	2,441,550	-	-	-
Franchise and local taxes	244,229	-	-	-
License and permits	108,331	-	-	-
Intergovernmental	335,272	-	105,073	810,432
Charges for services	1,120,830	-	-	-
Fines and forfeitures	147,256	-	-	-
Investment income	162,277	88,714	-	-
Other revenue	475,106	-	-	-
Rents and royalties	12,400	-	-	-
Total Revenues	8,169,516	1,744,285	105,073	810,432
Expenditures				
Current:				
General government	1,188,491	-	-	-
Fire/EMS	2,861,397	-	-	-
Police	2,808,762	-	-	-
Municipal court	158,503	-	-	-
Animal control	168,812	-	-	-
Streets	739,953	-	-	-
Parks and recreation	961,690	-	-	-
Tourism	-	-	-	-
Airport	-	-	-	-
Golf course	-	-	-	-
Inspection	257,123	-	-	-
Business and support services	1,173,144	-	-	-
Debt service:				
Principal	-	1,400,000	-	-
Interest and fiscal charges	-	317,430	-	-
Capital outlay	583,360	-	5,687,880	2,412
Total Expenditures	10,901,235	1,717,430	5,687,880	2,412

American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 4,777,836
-	-	2,441,550
-	75,181	319,410
-	-	108,331
-	594,762	1,845,539
-	710,819	1,831,649
-	-	147,256
-	11,539	262,530
-	62,028	537,134
-	72,255	84,655
-	1,526,584	12,355,890
-	-	1,188,491
-	-	2,861,397
-	14,860	2,823,622
-	-	158,503
-	-	168,812
-	48,016	787,969
-	-	961,690
-	106,198	106,198
-	419,688	419,688
-	710,580	710,580
-	-	257,123
-	-	1,173,144
-	36,326	1,436,326
-	2,195	319,625
-	-	6,273,652
-	1,337,863	19,646,820

City of Liberty, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	HMPG Flood Wall & Levee
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (2,731,719)	$ 26,855	$ (5,582,807)	$ 808,020
Other Financing Sources (Uses)				
Lease issuance	-	-	-	-
Transfers in	3,611,990	-	7,517,058	263,600
Transfers (out)	-	-	(127,851)	-
Total Other Financing Sources (Uses)	3,611,990	-	7,389,207	263,600
Net Change in Fund Balances	880,271	26,855	1,806,400	1,071,620
Beginning fund balances	2,572,427	2,567,022	1,200,919	83,371
Ending Fund Balances	$ 3,452,698	$ 2,593,877	$ 3,007,319	$ 1,154,991

See Notes to Financial Statements.

American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 188,721	$ (7,290,930)
-	21,500	21,500
-	29,400	11,422,048
-	(14,110)	(141,961)
-	36,790	11,301,587
-	225,511	4,010,657
-	531,202	6,954,941
$ -	$ 756,713	$ 10,965,598

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City of Liberty, Texas

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

For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	4,010,657
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		6,058,168
Depreciation expense		(2,520,969)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(297,354)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		80,724
Accrued interest		3,891
Pension expense		266,163
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease issuance		(21,500)
Amortization of deferred charges on refunding		(13,030)
Amortization of premium		83,190
Principal payments		1,436,326
Change in Net Position of Governmental Activities	$	9,086,266

See Notes to Financial Statements.

City of Liberty, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2023

	Electric	Water and Wastewater	Solid Waste	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 13,619,328	$ 15,597,621	$ 124,458	$ 29,341,407
Investments	13,173,262	-	-	13,173,262
Accounts receivable, net	1,793,066	651,065	108,911	2,553,042
Inventories	432,872	112,852	-	545,724
Total Current Assets	29,018,528	16,361,538	233,369	45,613,435
Noncurrent Assets				
Capital assets:				
Non-depreciable	-	2,525,001	-	2,525,001
Net depreciable capital assets	13,903,671	14,393,874	-	28,297,545
Total Noncurrent Assets	13,903,671	16,918,875	-	30,822,546
Total Assets	42,922,199	33,280,413	233,369	76,435,981
Deferred Outflows of Resources				
Pension outflows	13,405	161,742	-	175,147
Total Deferred Outflows of Resources	13,405	161,742	-	175,147

See Notes to Financial Statements.

City of Liberty, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2023

	Electric	Water and Wastewater	Solid Waste	Total
Liabilities				
Current Liabilities				
Accounts payable	$ 1,099,876	$ 250,857	$ 52,430	$ 1,403,163
Accrued liabilities	2,252	30,445	-	32,697
Customer deposits	599,991	48,875	205	649,071
Compensated absences, current	14,563	38,660	-	53,223
Due to component unit	-	-	5,650	5,650
Due to other funds	266,093	103,991	-	370,084
Long-term debt, current	-	525,000	-	525,000
Accrued interest	-	30,430	-	30,430
Due to other funds	-	-	-	-
Total Current Liabilities	1,982,775	1,028,258	58,285	3,069,318
Noncurrent Liabilities				
Compensated absences, noncurrent	1,618	4,296	-	5,914
Long-term debt, noncurrent	-	9,857,523	-	9,857,523
Net pension liability	31,699	382,478	-	414,177
Total Liabilities	2,016,092	11,272,555	58,285	13,346,932
Deferred Inflows of Resources				
Pension inflows	1,362	16,440	-	17,802
Total Deferred Inflows of Resources	1,362	16,440	-	17,802
Net Position				
Net investment in capital assets	13,903,671	16,307,613	-	30,211,284
Restricted for:				
Debt service	109,523	-	-	109,523
Unrestricted	26,904,956	5,845,547	175,084	32,925,587
Total Net Position	$ 40,918,150	$ 22,153,160	$ 175,084	$ 63,246,394

See Notes to Financial Statements.

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City of Liberty, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Electric	Water and Wastewater	Solid Waste	Total
Operating Revenues				
Charges for services, net	$ 14,210,959	$ 5,425,654	$ 832,632	$ 20,469,245
Late fees and penalties	316,290	-	-	316,290
Other income	20,702	-	-	20,702
Total Operating Revenues	14,547,951	5,425,654	832,632	20,806,237
Operating Expenses				
Power purchases, net	10,412,491	-	-	10,412,491
Personnel costs	56,800	792,364	627,489	1,476,653
Distribution supplies and contracts	448	189,713	-	190,161
Maintenance and repairs	1,052,957	365,893	-	1,418,850
Other charges and services	169,041	587,827	-	756,868
General operations	1,392,078	63,498	-	1,455,576
Depreciation	527,568	858,193	-	1,385,761
Total Operating Expenses	13,611,383	2,857,488	627,489	17,096,360
Operating Income (Loss)	936,568	2,568,166	205,143	3,709,877
Nonoperating Revenues (Expenses)				
Investment income	959,024	644,198	-	1,603,222
Intergovernmental	7,000,000	-	-	7,000,000
Interest expense	-	(331,531)	-	(331,531)
Total Nonoperating Revenues (Expenses)	7,959,024	312,667	-	8,271,691
Income Before Transfers	8,895,592	2,880,833	205,143	11,981,568
Transfers and capital contributions				
Capital contributions	3,763,717	-	-	3,763,717
Transfers in	-	127,851	-	127,851
Transfers (out)	(9,636,763)	(1,646,175)	(125,000)	(11,407,938)
Total Transfers and Capital Contributions	(5,873,046)	(1,518,324)	(125,000)	(7,516,370)
Change in Net Position	3,022,546	1,362,509	80,143	4,465,198
Beginning net position	37,895,604	20,790,651	94,941	58,781,196
Ending Net Position	$ 40,918,150	$ 22,153,160	$ 175,084	$ 63,246,394

See Notes to Financial Statements.

City of Liberty, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Electric	Water and Wastewater	Solid Waste	Total
Cash Flows from Operating Activities				
Payments to employees	$ (71,564)	$ (812,100)	$ (627,323)	$ (1,510,987)
Payments to suppliers	(9,811,455)	(977,917)	-	(10,789,372)
Receipts from customers	15,097,453	5,332,057	824,373	21,253,883
Net Cash Provided (Used) by Operating Activities	5,214,434	3,542,040	197,050	8,953,524
Cash Flows from Noncapital Financing Activities				
Intergovernmental	7,000,000	-	-	7,000,000
Transfers in	-	127,851	-	127,851
Transfers (out)	(9,636,763)	(1,646,175)	(125,000)	(11,407,938)
Net Cash (Used) by Noncapital Financing Activities	(2,636,763)	(1,518,324)	(125,000)	(4,280,087)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	-	(844,331)	-	(844,331)
Interest paid on capital debt	-	(412,922)	-	(412,922)
Principal paid on capital debt	-	(320,000)	-	(320,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,577,253)	-	(1,577,253)
Cash Flows from Investing Activities				
Sale (purchase) of investments	(2,540,900)	-	-	(2,540,900)
Interest on investments	959,024	644,198	-	1,603,222
Net Cash Provided (Used) by Investing Activities	(1,581,876)	644,198	-	(937,678)
Net Increase (Decrease) in Cash and Cash Equivalents	995,795	1,090,661	72,050	2,158,506
Beginning cash and cash equivalents	12,623,533	14,506,960	52,408	27,182,901
Ending Cash and Cash Equivalents	$ 13,619,328	$ 15,597,621	$ 124,458	$ 29,341,407

See Notes to Financial Statements.

City of Liberty, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Electric	Water and Wastewater	Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 936,568	$ 2,568,166	$ 205,143	$ 3,709,877
Adjustments to reconcile operating income (loss) to net cash provided (used):				
Depreciation	527,568	858,193	-	1,385,761
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	513,950	(98,469)	(8,309)	407,172
Due from other funds	3,447,069	-	-	3,447,069
Inventory	(139,528)	13,041	-	(126,487)
Increase (Decrease) in:				
Accounts payable	(84,470)	208,013	(39)	123,504
Accrued liabilities	(7,511)	7,960	(3,181)	(2,732)
Due to component unit	-	-	3,386	3,386
Unearned revenue	(5,448)	-	-	(5,448)
Compensated absences	5,386	(5,301)	-	85
Deferred outflows - pension	(4,926)	(108,150)	-	(113,076)
Deferred inflows - pension	(13,708)	(78,814)	-	(92,522)
Net pension liability	(1,516)	172,529	-	171,013
Customer deposits	41,000	4,872	50	45,922
Net Cash Provided (Used) by Operating Activities	$ 5,214,434	$ 3,542,040	$ 197,050	$ 8,953,524
Schedule of Non-Cash Capital and Related Financing Activities				
Capital contributions	$ 3,763,717	$ -	$ -	$ 3,763,717

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Liberty, Texas (the "City") is a Home Rule City which operates under a City Charter adopted by the voters in 1958. The Charter provides for a Council – Manager form of government comprised of a mayor and six council members. It is the Council's responsibility to appoint a City Manager who is the chief administrative and executive officer of the City.

The City's major operations include public safety, fire protection, emergency medical services, parks and recreation, library, and general administrative services. Additionally, the City operates utility funds for the provision of utilities, including electric, water and wastewater, and solid waste services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Discretely Presented Component Units

Liberty Community Development Corporation

The Liberty Community Development Corporation (the "CDC"), is a non-profit industrial development corporation whose purpose is to promote economic development within the City of Liberty. Due to the control and financial dependence exerted by the City over the Corporation, that entity is considered a component unit of the City for financial reporting purposes, and its financial activity is included in the accompanying financial statements as a special revenue fund. The Corporation is funded by a one-half (1/2) cent sales tax which became effective as of October 1995. During 2014, LCDC issued $3.2 million of sales tax revenue bonds for a street construction project.

Discretely presented is appropriate because the District's Board is not substantially the same as the City. Separate unaudited financial statements are available by contacting the City's finance department.

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

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

As discussed earlier, the government has one discretely presented component unit which is shown in a separate column in the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, recreation and leisure, business and support services, and community development.

Debt Service Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted exclusively for debt service expenditures.

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

HMPG Flood Wall and Levee Fund

The HMPG Flood Wall Levee fund is used to account for revenues and grant expenditures related to funds received through the federal grants for hazard mitigation.

American Rescue Plan Fund

The American Rescue Plan fund is used to account for revenues and grant expenditures related to funds received through the federal government's COVID-19 response.

The government reports the following major enterprise funds:

Electric Fund

Electricity services provided by the City are accounted for in the utility fund. Activities of the fund include administration, operation and maintenance of the electric system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for outstanding debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Water and Wastewater Fund

This fund accounts for the administration, operation and maintenance of the City's water system and wastewater treatment facility.

Solid Waste Fund

The solid waste fund accounts for the administration, operation and maintenance of the solid waste department.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the police seizures, airport, hotel-motel/tourism, golf course, CDBG Harvey recovery, municipal library trust, library memorial, capital projects (CO 2016), and public education, government cable and police preseizure.

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

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

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured

such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools
SEC registered, no load money market mutual funds

2. Fair Value

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

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from

component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. The City does not maintain significant inventories of materials and supplies in the governmental fund types, except for street department materials. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

Certain proceeds of enterprise fund certificates of obligation and funds reserved for capital projects are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

Asset Description	Estimated Useful Life
Infrastructure	15 - 40 years
Buildings and improvements	15 - 40 years
System	15 - 40 years
Vehicles	5 - 7 years
Heavy equipment	5 - 10 years
Office equipment	3 – 5 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results form the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

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

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

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

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

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

9. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a cell tower. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

10. Pensions

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

11. Net Position Flow Assumption

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

12. Fund Balance Flow Assumptions

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

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the

government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

14. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. Compensated Absences

City employees are entitled to certain compensated absences based on the length of their employment. Sick leave may be carried from one year to the next year. Employees with more than five years of service with the City will be paid for unused sick leave upon separation of employment. The amount of leave is based on their length of service with the maximum amount paid between 20 days and 60 days. Compensation for vacation time may be carried from one year to the next year. Employees will be paid for unused vacation time up to two times their annual vacation days upon separation of employment. Unused accrued vacation in excess of these days will not be reimbursed. Additionally, employees can accumulate up to 40 hours per year in compensation time to be used as time off from work. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility 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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, police seizure, airport, HMPG flood wall and levee, hotel/motel tax, golf course, debt service, and capital projects, and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year.

A. Deficit Fund Balance

As of September 30, 2023, the golf course fund and the CDBG LAYL Drive fund had a deficit fund balance of $22,524 and $16,403, respectively.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by the state statutes at September 30, 2023.

As of September 30, 2023, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Treasury bills	$ 10,642,424	0.29
Certificates of deposit	2,620,565	0.37
Mutual funds	1,144	0.00
Total value	$ 13,264,133	
Portfolio weighted average maturity		0.31

Interest rate risk: In compliance with the City's Investment Policy, as of September 30, 2023, the City minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2023, all of the City's purchased investments in US treasury fixed income securities are rated AAA+ by Moody's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession.

Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2023:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Treasury Bills	$ 10,642,424	$ 10,642,424	$ -	$ -
Mutual funds	1,144	1,144	-	-
Total Assets at fair value	$ 10,643,568	$ 10,643,568	$ -	$ -

C. Receivables

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

	General	Debt Service	Capital Projects	HMPG Flood Wall & Levee	Nonmajor	Governmental Activities Total
Property taxes	$ 733,220	$ 458,829	$ -	$ -	$ -	$ 1,192,049
Sales tax	406,489	-	-	-	-	406,489
Franchise taxes	46,439	-	-	-	-	46,439
Hotel/motel	-	-	-	-	20,948	20,948
Intergovernmental	2,684	-	105,073	280,459	47,131	435,347
Other	4,178	-	-	-	7,774	11,952
Allowance	(349,060)	(229,147)	-	-	-	(578,207)
Total	$ 843,950	$ 229,682	$ 105,073	$ 280,459	$ 75,853	$ 1,535,017

	Electric	Water & Wastewater	Solid Waste	Business-Type Activities Total
Electric services	$ 1,814,376	$ -	$ -	$ 1,814,376
Water & wastewater	-	656,595	-	656,595
Solid waste	-	-	110,012	110,012
Allowance	(21,310)	(5,530)	(1,101)	(27,941)
Total	$ 1,793,066	$ 651,065	$ 108,911	$ 2,553,042

The following comprise receivable balances of the discretely presented component unit at year end:

	CDC
Sales taxes	$ 203,244
Total	$ 203,244

D. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 1,508,940	$ -	$ -	$ 1,508,940
Construction in progress	13,030,172	4,966,078	(11,479,695)	6,516,555
Total capital assets not being depreciated	14,539,112	4,966,078	(11,479,695)	8,025,495
Capital assets, being depreciated:				
Buildings and improvements	17,504,021	579,087	990,540	19,073,648
Infrastructure	61,819,192	259,078	10,489,155	72,567,425
Vehicles	3,909,075	-	-	3,909,075
Furniture and equipment	5,896,409	253,925	-	6,150,334
Right-to-use asset	117,093	-	-	117,093
Total capital assets being depreciated	89,245,790	1,092,090	11,479,695	101,817,575
Less accumulated depreciation				
Buildings and improvements	8,502,275	418,143	-	8,920,418
Infrastructure	42,131,920	1,224,726	-	43,356,646
Vehicles	2,278,210	390,306	-	2,668,516
Furniture and equipment	4,230,847	468,916	-	4,699,763
Right-to-use asset	17,890	18,878	-	36,768
Total accumulated depreciation	57,161,142	2,520,969	-	59,682,111
Net capital assets being depreciated	32,084,648	(1,428,879)	11,479,695	42,135,464
Total Capital Assets	$ 46,623,760	$ 3,537,199	$ -	$ 50,160,959

Depreciation was charged to governmental functions as follows:

General government	$ 87,378
Public safety	560,354
Public works	1,278,381
Recreation and leisure	240,061
Golf course	222,614
Airport	118,058
Business and support services	14,123
Total Governmental Activities Depreciation Expense	$ 2,520,969

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 2,568	$ -	$ -	$ 2,568
Construction in progress	7,778,810	774,849	(6,031,226)	2,522,433
Total capital assets not being depreciated	7,781,378	774,849	(6,031,226)	2,525,001
Capital assets, being depreciated:				
Buildings and improvements	849,482	-	-	849,482
System improvements	27,262,693	48,800	15,715,115	43,026,608
Vehicles	421,440	20,682	-	442,122
Furniture and equipment	9,405,733	-	-	9,405,733
Total capital assets being depreciated	37,939,348	69,482	15,715,115	53,723,945
Less accumulated depreciation				
Buildings and improvements	280,538	20,454	-	300,992
System improvements	15,376,024	1,001,357	5,920,172	22,297,553
Vehicles	346,390	30,071	-	376,461
Furniture and equipment	2,117,515	333,878	-	2,451,393
Total accumulated depreciation	18,120,467	1,385,761	5,920,172	25,426,400
Net capital assets being depreciated	19,818,881	(1,316,279)	9,794,943	28,297,545
Total Capital Assets	$ 27,600,259	$ (541,430)	$ 3,763,717	$ 30,822,546

Depreciation was charged to business-type activities as follows:

Water and wastewater	$ 858,193
Electric	527,568
Total Business-type Activities Depreciation Expense	$ 1,385,761

On October 1, 2022, the Sam Rayburn Municipal Power Agency ("SRMPA"), elected to transfer ownership of certain electrical infrastructure used to supply power to the City. Assets transferred include the Liberty Substation, Liberty-Beaumont Substation, Liberty Express Feeder, and the City's representative share of the substation transformer project. The assets had a total value of $3,763,717, net of depreciation and have been reported by the City as a capital contribution. See footnote V.C. for further information over the City's relationship with the SRMPA.

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2023. In general, the City uses the debt service fund and golf course fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	$ 6,575,000	$ -	$ (1,050,000)	$ 5,525,000	$ 1,085,000
Certificate of Obligation Bonds	5,740,000	-	(350,000)	5,390,000	360,000
Premiums	946,243	-	(83,190)	863,053	-
Total Bonds Payable	13,261,243	-	(1,483,190)	11,778,053	1,445,000
Leases	65,712	21,500	(36,326)	50,886	33,796
Total Governmental Activities	$ 13,326,955	$ 21,500	$ (1,519,516)	$ 11,828,939	$ 1,478,796
	Long-term liabilities due in more than one year			$ 10,350,143	
Business-Type Activities:					
Certificate of Obligation Bonds	$ 9,605,000	$ -	$ (140,000)	$ 9,465,000	$ 340,000
Revenue Bonds	735,000	-	(180,000)	555,000	185,000
Discounts	(14,593)	-	3,648	(10,945)	-
Premiums	393,124	-	(19,656)	373,468	-
Total Bonds Payable	10,718,531	-	(336,008)	10,382,523	525,000
Total Business-Type Activities	$ 10,718,531	$ -	$ (336,008)	$ 10,382,523	$ 525,000
	Long-term liabilities due in more than one year			$ 9,857,523	

Component Unit Activities (CDC):	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Sales Tax Bonds	$ 2,200,000	$ -	$ (150,000)	$ 2,050,000	$ 155,000
Note payable	337,502	-	(337,502)	-	-
Premiums	10,656	-	(969)	9,687	-
Total Component Unit Activities	$ 2,548,158	$ -	$ (488,471)	$ 2,059,687	$ 155,000
	Long-term liabilities due in more than one year			$ 1,904,687	

General obligation bonds and certificates are serviced by the debt service fund. The amount of long-term debt that can be incurred by the City is not limited by state statute or the City's Home Rule Charter. The only limitation would be the overall tax rate limitation of $2.50 per $100 assessed valuation. Bond covenants for the general obligation bonds and certificates of obligation require the City to levy a tax sufficient to pay the current interest and principal of the debt. During the current year, the City was in compliance with these bond covenants.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
$6,740,000 General Obligation Refunding Bond, Series 2020, due in installments through 2032, interest at 4.0%	$ 5,235,000	$ -	$ 5,235,000
$2,695,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2024, interest at 2.0%	290,000	-	290,000
Total General Obligation Bonds	$ 5,525,000	$ -	$ 5,525,000
Certificates of Obligation:			
$7,655,000 Certificates of Obligation, Series 2016, due in annual installments through 2036, interest at 2.1%	$ 5,390,000	$ -	$ 5,390,000
$9,605,000 Certificates of Obligation, Series 2022, due in annual installments through 2042, interest at 2.1%	-	9,465,000	9,465,000
Total Certificates of Obligation	$ 5,390,000	$ 9,465,000	$ 14,855,000
Revenue Bonds:			
$900,000 Utility Revenue Bond, Series 2016A, due in installments through 2026, interest at 1.5%	$ -	$ 270,000	$ 270,000
$915,000 Utility Revenue Bond, Series 2016B, due in installments through 2026, interest at 1.5%	-	285,000	285,000
Total Revenue Bonds	$ -	$ 555,000	$ 555,000
Less deferred amounts:			
Premiums/discounts	$ 863,053	$ 362,523	$ 1,225,576
Total Deferred Amounts	863,053	362,523	1,225,576
Lease Liabilities:			
$117,092 lease payable to Wells Fargo Equipment, due in monthly installments of $2,168 through 2025, interest at 4%	41,886	-	41,886
$21,500 lease payable to Conroe Golf Cars, due in monthly installments of $3,000 through Dec 2023, interest at 0%	9,000		9,000
Total Leases Liabilities	50,886	-	50,886
Total Debt	$ 11,828,939	$ 10,382,523	$ 22,211,462

	Component Unit Activities
Sales Tax Bonds:	
$3,215,000 Sales Tax Bonds, Series 2014, due in annual installments through 2036, interest at 3.0%	$ 2,050,000
Total Sales Tax Bonds	$ 2,050,000
Less deferred amounts:	
Premiums	$ 9,687
Total Deferred Amounts	$ 9,687
Total Debt	$ 2,059,687

The annual requirements to amortize the City's long-term activities debt issues outstanding at year end were as follows:

Certificates of Obligations

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	$ 360,000	$ 113,980	$ 340,000	$ 371,800
2025	370,000	103,030	355,000	357,900
2026	380,000	93,680	370,000	343,400
2027	390,000	85,785	380,000	328,400
2028	395,000	77,543	400,000	312,800
2029-2033	2,115,000	257,724	2,245,000	1,306,500
2034-2038	1,380,000	43,890	2,745,000	809,500
2039-2043	-	-	2,630,000	215,400
Total	$ 5,390,000	$ 775,632	$ 9,465,000	$ 4,045,700

General Obligation Refunding Bonds

Year Ending,	Governmental Activities	
	Principal	Interest
2024	$ 1,085,000	$ 152,225
2025	830,000	116,100
2026	865,000	86,525
2027	880,000	64,750
2028	910,000	42,300
2029-2032	955,000	35,175
Total	$ 5,525,000	$ 497,075

Revenue Bonds

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2024	$ 185,000	$ 3,674
2025	185,000	2,408
2026	185,000	845
Total	$ 555,000	$ 6,927

Revenue Bonds

Year Ending September 30,	Component Unit Activities	
	Principal	Interest
2024	$ 155,000	$ 78,319
2025	160,000	73,000
2026	165,000	67,313
2027	170,000	61,025
2028	175,000	54,125
2029-2033	1,000,000	155,269
2034	225,000	4,780
Total	$ 2,050,000	$ 493,831

The annual requirements to amortize lease liabilities outstanding at year end were as follows:

Year ending September 30,	Governmental Activities Principal	Governmental Activities Interest
2024	$ 33,796	$ 1,224
2025	17,090	257
Total	$ 50,886	$ 1,481

The following is an analysis of equipment leased under a lease as of September 30, 2023:

	Governmental Activities
Equipment (30 golf carts)	$ 138,592
(Less) accumulated depreciation	(36,766)
Total	$ 101,826

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 504,414	$ 176,535	$ (257,259)	$ 423,690	$ 381,321
Total Governmental Activities	$ 504,414	$ 176,535	$ (257,259)	$ 423,690	$ 381,321
	Long-term Liabilities Due in More than One Year			$ 42,369	
Business-Type Activities:					
Compensated Absences	$ 59,052	$ 26,177	$ (26,092)	$ 59,137	$ 53,223
Total Business-Type Activities	$ 59,052	$ 26,177	$ (26,092)	$ 59,137	$ 53,223
	Long-term Liabilities Due in More than One Year			$ 5,914	

G. Deferred Charges on Refunding

Deferred charges resulting from the issuance of Series 2012 refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $13,027. Current year amortization expense for governmental activities totaled $13,030.

H. Interfund Transactions

The compositions of interfund due to/from balances as of the year ended September 30, 2023 were as follows:

	Due From (receivable):				
Due to (payable):	**General**	**Debt Service**	**HMPG**	**Nonmajor Govt.**	**Total**
General	$ -	$ 17,885	$ 210,359	$ 8,406	$ 236,650
Nonmajor governmental	19,585	-	-	-	19,585
Electricity	266,093	-	-	-	266,093
Wastewater	103,991	-	-	-	103,991
Total	$ 389,669	$ 17,885	$ 210,359	$ 8,406	$ 626,319

The amounts payable relate to temporary loans for operating and capital activities that will be replenished in the subsequent year.

Transfers between the primary government during the 2023 year were as follows:

	Transfers (Out):					
Transfers In:	**Capital Projects**	**Nonmaj. Govt**	**Electric**	**Water/Wastewater**	**Garbage**	**Total**
General	$ -	$ 14,110	$ 1,826,705	$ 1,646,175	$ 125,000	$ 3,611,990
Capital projects	-	-	7,517,058	-	-	7,517,058
HMPG	-	-	263,600	-	-	263,600
Water/Wastewater	127,851	-	-	-	-	127,851
Nonmajor govt.	-	-	29,400	-	-	29,400
Total	$ 127,851	$ 14,110	$ 9,636,763	$ 1,646,175	$ 125,000	$ 11,549,899

Transfers between the primary government and the component unit during the 2023 year were as follows:

	Transfers (Out):		
Transfer In:	**CDC**	**Airport**	**Total**
General	$ 310,900	$ -	$ 310,900
Golf course	342,000	-	342,000
CDC	-	18,000	18,000
Total	$ 652,900	$ 18,000	$ 670,900

Transfers between the primary government funds were primarily to support debt service requirements and operation of funds. In addition, the CDC transferred $652,900 to the primary government for various operating expenses. These transfers are presented as expenses and intergovernmental revenue in the CDC and primary government, respectively.

I. Fund Equity

The City records restrictions to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures due to internal assignments. The following is a list of restricted/assigned fund balances:

	Assigned Fund Balance	Restricted Fund Balance
Debt service	$ -	$ 2,628,040
Public education	-	79,249
Public safety	-	58,262
Tourism	-	119,950
Library	-	356,160
Capital projects	89,726	4,215,672
Fixed asset replacement	1,080,090	-
Airport	107,540	-
Total	$ 1,277,356	$ 7,457,333

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts; theft, damage, or destruction of assets; errors and omission; injuries to employees or others; and natural disasters. The City's

primary risk management activity is to maintain various types of insurance coverage to cover any significant losses that might be incurred.

The City is contingently liable with respect to claims or litigation arising from the ordinary course of operations. The settlement of such claims would require budget appropriations of future revenues. City officials have asserted that they have no significant pending or threatened litigation or claims against the City that would have a material adverse effect on the financial position of the City. Federal and State funds received during the current year and prior years through various grant programs are subject to audit by the applicable agencies. The City does not anticipate any substantial disallowance of project costs for any of the projects.

B. Contingent Liabilities

The City is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on the basic financial statements.

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

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

C. Contracts/Agreements

Electric System

The City owns and operates a municipal electric distribution system for the benefit of its citizens. The electric distribution system consists of distribution lines, two substations (which are owned and operated by Sam Rayburn Municipal Power Agency ("SRMPA") and interconnected transmission lines of Entergy Gulf States, which supply power to the City's system. The City furnishes electric service to its customers solely within its City limits.

The City is one of three voting members (consisting of the cities of Liberty, Livingston, and Jasper, Texas) of the SRMPA. The SRMPA is a political subdivision of the State of Texas and is

governed by a board of six directors, two of which are appointed by each member City. SRMPA is considered to be a joint venture with no equity interest.

SRMPA was formed to undertake the planning, financing, development, acquisition, and operation of projects for the generation and transmission of electric power to supply the present and future needs of the member cities and the Vinton (Louisiana) Public Power Agency ("VPPA"). Each participant is required by contract with SRMPA, to purchase its electrical requirements from SRMPA, and to pay liabilities under such contract as an operating and maintenance expense to its electrical system. SRMPA is required to establish rates for electric power to the participants sufficient to pay all debt service requirements (including funding of required reserves), all operating and maintenance costs of repairs and improvements. The City, as a participant, is required to establish rates to its customers sufficient to meet its obligations to SRMPA under the exclusive power sales contract. On September 19, 2012, the Agency issued $108,940,000 of Power Supply System Revenue Refunding Bonds, the Series 2012 Bonds, and defeased all of the Agency's outstanding Series 2002 Bonds.

The Agency and VPPA began concept development of a separate wholesale power enterprise called the "Cambridge Project" prior to 2010. The Cambridge Project is distinct and separate from the Agency's primary wholesale power supply mission serving its three member cities, although the project compliments the Agency's performance. The Agency's revenues, funds, and accounts established under the participant agreement are not comingled with Cambridge Project accounts and are not available to the Cambridge Project enterprise. The Cambridge Project is independent from the Agency's existing operations that secure the Agency's payment obligations to holders of the 2012 Bonds. During Fiscal Years 2010 and 2011, the Agency and VPPA were engaged in discussions with Entergy operating companies regarding additional power supply and purchase arrangements that became effective in early Fiscal Year 2012 on December 1, 2011. The new power supply contractual arrangements enabled the Cambridge Project to obtain four new wholesale loads and provide the Agency with firm power supply for the next 25 years to serve its three Member cities. The four wholesale loads are two large oil refineries, a chemical company and Entergy Texas Inc. The two oil refineries and the chemical companies are served through VPPA. The Cambridge Project supplements the existing Agency Systems and the VPPA Systems under the original power supply agreement. In addition to the aforementioned wholesale loads, the Cambridge Project includes additional power supply resources consisting of generation from third parties and power supply purchases from Entergy Gulf States Louisiana LLC and from EWO Marketing, Inc ("EWOM"). The power purchase agreement with EWOM is referred to as the Supplemental Requirements Power Supply Agreement (SRPSA) and, in addition to serving wholesale loads of the Cambridge Project, it assures an energy supply to the Agency beyond the 2021 termination of the RPSA to 2035 and provides that, if the Agency has load growth above the anticipated rate, EWOM will provide service for such load. Should any of the Cambridge Project contractual arrangements be terminated, all Cambridge contracts will terminate and the Agency and VPPA Systems will revert to their original condition with wholesale energy provided under the RPSA for the

Agency to serve its participating Member cities. Due to excess operating reserves generated from the Cambridge project, the Agency elected to approve a distribution to the City of $7,000,000 during the year. This distribution is reported as an operating expense of the Agency and intergovernmental revenue by the City.

Joint Operating Agreement – Port of Liberty

Commencing in 1968, the City of Liberty entered into a joint operating agreement with the Chambers-Liberty Counties Navigation District (the "District") which established certain terms with respect to the operation of the Port of Liberty (the "Port"). The Port facilities were constructed on land owned jointly by the City and the District, and the board of commissioners of the Port are appointed jointly by the City and the District, but neither entity can unilaterally appoint a majority of the board. The board of the Port is responsible for selection of management, development of a budget, and for continuing operations of the Port. The City does not account for revenues or expenditures for Port activities. The Port of Liberty has separate audited financial statements which may be obtained by contacting Port officials.

D. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Liberty participates as one of 919 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.

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.

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

	Plan Year 2022	Plan Year 2021
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI repeating	0% of CPI repeating

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	57
Inactive employees entitled to but not yet receiving benefits	146
Active employees	98
Total	301

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted

by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Liberty were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Liberty were 15.48% and 14.54% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $872,460, and were equal to the required contributions.

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:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018.

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

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public/Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate:

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

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net	Total Net Pension Liability
Balance at 12/31/21	$ 18,838,916	$ 16,479,736	$ 2,359,180
Changes for the year:			
Service cost	666,593	-	666,593
Interest	1,259,239	-	1,259,239
Change in benefit terms	-	-	-
Difference between expected and actual experience	(188,068)	-	(188,068)
Changes of assumptions	-	-	-
Contributions – employer	-	843,042	(843,042)
Contributions – employee	-	381,222	(381,222)
Net investment income	-	(1,203,800)	1,203,800
Benefit payments, including refunds of emp. contributions	(1,033,651)	(1,033,651)	-
Administrative expense	-	(10,410)	10,410
Other changes	-	12,422	(12,422)
Net changes	704,113	(1,011,175)	1,715,288
Balance at 12/31/22	$ 19,543,029	$ 15,468,561	$ 4,074,468

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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 6,577,059	$ 4,074,468	$ 2,002,039

Pension Plan Fiduciary Net Position:

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

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 $571,711.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and actual investment earnings	$ 1,092,125	$ -
Differences between expected and actual economic experience	-	(175,129)
Contributions subsequent to the measurement date	630,882	-
Change in assumptions	-	-
Total	$ 1,723,007	$ (175,129)

The City reported $630,882 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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:	Total
2023	$ (34,643)
2024	203,198
2025	285,209
2026	463,232
2027	-
Thereafter	-
	$ 916,996

F. Subsequent Events

There were no material subsequent events through February 2, 2024, the date the financial statements were issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Liberty, Texas

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

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 3,310,000	$ 3,122,265	$ (187,735)
Sales tax	2,200,000	2,441,550	241,550
Franchise and local taxes	213,000	244,229	31,229
License and permits	141,650	108,331	(33,319)
Intergovernmental	22,475	335,272	312,797
Charges for services	1,002,700	1,120,830	118,130
Fines and forfeitures	234,700	147,256	(87,444)
Investment income	50,525	162,277	111,752
Other revenue	177,050	475,106	298,056
Rents and royalties	5,000	12,400	7,400
Total Revenues	7,357,100	8,169,516	812,416
Expenditures			
Current:			
General government	1,108,569	1,188,491	(79,922)
Fire/EMS	2,674,785	2,861,397	(186,612)
Police	2,649,517	2,808,762	(159,245)
Municipal court	209,862	158,503	51,359
Animal control	146,460	168,812	(22,352)
Streets	935,267	739,953	195,314
Parks and recreation	1,064,302	961,690	102,612
Inspection	301,510	257,123	44,387
Business and support services	1,465,510	1,173,144	292,366
Capital outlay	1,904,665	583,360	1,321,305
Total Expenditures	12,460,447	10,901,235	1,559,212
Revenues Over (Under) Expenditures	(5,103,347)	(2,731,719)	2,371,628
Other Financing Sources (Uses)			
Sale of assets	80,000	-	(80,000)
Transfers in	5,023,347	3,611,990	(1,411,357)
Total Other Financing Sources (Uses)	5,103,347	3,611,990	(1,491,357)
Net Change in Fund Balance	$ -	880,271	$ 880,271
Beginning fund balance		2,572,427	
Ending Fund Balance		$ 3,452,698	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Liberty, Texas

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

HMPG FLOOD WALL AND LEVEE

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	$ -	$ 810,432	$ 810,432
Total Revenues	-	810,432	810,432
Expenditures			
Capital outlay	1,570,681	2,412	1,568,269
Total Expenditures	1,570,681	2,412	1,568,269
Revenues Over Expenditures	(1,570,681)	808,020	2,378,701
Other Financing Sources (Uses)			
Transfer in	1,570,681	263,600	(1,307,081)
Net Change in Fund Balances	$ -	1,071,620	$ 1,071,620
Beginning fund balances		83,371	
Ending Fund Balances		$ 1,154,991	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Liberty, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2022	12/31/2021	12/31/2020
Total pension liability			
Service cost	$ 666,593	$ 701,246	$ 664,751
Interest	1,259,239	1,204,446	1,145,698
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(188,068)	(136,764)	(91,483)
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(1,033,651)	(846,067)	(887,669)
Net change in total pension liability	704,113	922,861	831,297
Total pension liability - beginning	18,838,916	17,916,055	17,084,758
Total pension liability - ending (a)	19,543,029	18,838,916	17,916,055
Plan fiduciary net position			
Contributions - employer	$ 843,042	$ 942,598	$ 944,762
Contributions - members	381,222	398,112	377,700
Net investment income	(1,203,800)	1,845,169	968,002
Benefit payments, including refunds of participant contributions	(1,033,651)	(846,067)	(887,669)
Administrative expenses	(10,410)	(8,534)	(6,263)
Other	12,422	58	(244)
Net change in plan fiduciary net position	(1,011,175)	2,331,336	1,396,288
Plan fiduciary net position - beginning	16,479,736	14,148,400	12,752,112
Plan fiduciary net position - ending (b)	$ 15,468,561	$ 16,479,736	$ 14,148,400
Fund's net pension liability - ending (a) - (b)	$ 4,074,468	$ 2,359,180	$ 3,767,655
Plan fiduciary net position as a percentage of the total pension liability	79.15%	87.48%	78.97%
Covered payroll	$ 5,446,024	$ 5,687,319	$ 5,395,709
Fund's pension liability as a percentage of covered payroll	74.82%	41.48%	69.83%

Notes to schedule:

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

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014 [1]
$ 608,445	$ 554,261	$ 555,605	$ 520,691	$ 517,416	$ 318,408
1,083,968	1,036,711	991,341	935,272	863,571	780,406
-	-	-	-	-	4,030,494
(59,406)	(272,717)	(242,896)	(76,539)	53,707	325,260
17,800	-	-	-	530,215	-
(641,213)	(649,270)	(613,204)	(519,266)	(375,511)	(295,510)
1,009,594	668,985	690,846	860,158	1,589,398	5,159,058
16,075,164	15,406,179	14,715,333	13,855,175	12,265,777	7,106,719
17,084,758	16,075,164	15,406,179	14,715,333	13,855,175	12,265,777
$ 877,584	$ 832,343	$ 837,384	$ 735,499	$ 732,389	$ 201,943
343,754	310,635	311,887	290,194	304,618	204,251
1,631,316	(310,700)	1,197,456	515,312	10,273	371,202
(641,213)	(649,270)	(613,204)	(519,266)	(375,511)	(295,510)
(9,216)	(6,005)	(6,210)	(5,824)	(6,261)	(3,875)
(276)	(315)	(315)	(314)	(308)	(319)
2,201,949	176,688	1,726,998	1,015,601	665,200	477,692
10,550,163	10,373,475	8,646,477	7,630,876	6,965,676	6,487,984
$ 12,752,112	$ 10,550,163	$ 10,373,475	$ 8,646,477	$ 7,630,876	$ 6,965,676
$ 4,332,646	$ 5,525,001	$ 5,032,704	$ 6,068,856	$ 6,224,299	$ 5,300,101
74.64%	65.63%	67.33%	58.76%	55.08%	56.79%
$ 4,910,776	$ 4,437,636	$ 4,455,530	$ 4,145,627	$ 4,351,691	$ 4,085,010
88.23%	124.50%	112.95%	146.39%	143.03%	129.75%

City of Liberty, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	$ 872,460	$ 849,026	$ 915,687
Contributions in relation to the actuarially determined contribution	$ 872,460	$ 849,026	$ 915,687
Contribution deficiency (excess)	$ -	$ -	$ -
Annual covered payroll	$ 5,899,522	$ 5,383,076	$ 5,453,720
Employer contributions as a percentage of covered payroll	14.79%	15.77%	16.79%

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
$ 935,280	$ 861,152	$ 830,396	$ 819,924	$ 744,092	$ 605,241
$ 935,280	$ 861,152	$ 830,396	$ 819,924	$ 744,092	$ 605,241
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,335,230	$ 4,762,279	$ 4,426,509	$ 4,419,225	$ 4,253,975	$ 4,424,680
17.53%	18.08%	18.76%	18.55%	17.49%	13.68%

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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City of Liberty, Texas

COMBINING BALANCE SHEET (Page 1 of 2)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Police Seizure Fund	Airport Fund	Hotel-Motel/ Tourism Fund	Golf Course Fund
Assets				
Cash and cash equivalents	$ 44,806	$ 87,060	$ 104,823	$ 9,878
Investments	-	-	-	-
Receivables, net	-	24,017	20,948	-
Inventory	-	-	-	3,172
Due from other funds	-	-	-	-
Total Assets	$ 44,806	$ 111,077	$ 125,771	$ 13,050
Liabilities				
Accounts payable	$ -	$ 3,537	$ 5,821	$ 35,574
Due to other funds	-	-	-	-
Total Liabilities	-	3,537	5,821	35,574
Fund Balances				
Restricted for:				
Public safety	44,806	-	-	-
Debt service	-	-	-	-
Tourism	-	-	119,950	-
Public education	-	-	-	-
Library	-	-	-	-
Capital projects	-	-	-	-
Assigned	-	107,540	-	-
Unassigned	-	-	-	(22,524)
Total Fund Balances	44,806	107,540	119,950	(22,524)
Total Liabilities and Fund Balances	$ 44,806	$ 111,077	$ 125,771	$ 13,050

See Notes to Financial Statements.

City of Liberty, Texas

COMBINING BALANCE SHEET (Page 2 of 2)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	CDBG Harvey Recovery	Liberty Ranch PID	Municipal Library Trust	Library Memorial Fund
Assets				
Cash and cash equivalents	$ 52,355	$ 34,163	$ 199,331	$ 65,958
Investments	-	-	90,871	-
Receivables, net	-	-	-	-
Inventory	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	$ 52,355	$ 34,163	$ 290,202	$ 65,958
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted for:				
Public safety	-	-	-	-
Debt service	-	34,163	-	-
Tourism	-	-	-	-
Public education	-	-	-	-
Library	-	-	290,202	65,958
Capital projects	52,355	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	52,355	34,163	290,202	65,958
Total Liabilities and Fund Balances	$ 52,355	$ 34,163	$ 290,202	$ 65,958

See Notes to Financial Statements.

Capital Projects (CO 2016)	Public Educ. & Government Cable Fund	Police Preseizure	CDBG LAYL Drive	Total
$ 1,007	$ 70,843	$ 5,410	$ -	$ 675,634
-	-	-	-	90,871
-	-	-	30,888	75,853
-	-	-	-	3,172
-	8,406	-	-	8,406
$ 1,007	$ 79,249	$ 5,410	$ 30,888	$ 853,936
$ -	$ -	$ 5,000	$ 27,706	$ 77,638
-	-	-	19,585	19,585
-	-	5,000	47,291	97,223
-	-	410	-	45,216
-	-	-	-	34,163
-	-	-	-	119,950
-	79,249	-	-	79,249
-	-	-	-	356,160
1,007	-	-	-	53,362
-	-	-	-	107,540
-	-	-	(16,403)	(38,927)
1,007	79,249	410	(16,403)	756,713
$ 1,007	$ 79,249	$ 5,410	$ 30,888	$ 853,936

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City of Liberty, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Police Seizure Fund	Airport Fund	Hotel-Motel/ Tourism Fund	Golf Course Fund
Revenues				
Hotel occupancy taxes	$ -	$ -	$ 58,514	$ -
Franchise taxes	-	-	-	-
Charges for services	-	313,836	-	378,546
Intergovernmental	-	23,335	-	342,000
Rents and royalties	-	72,255	-	-
Investment income	3,029	-	-	-
Other income	-	-	58,078	3,950
Total Revenues	3,029	409,426	116,592	724,496
Expenditures				
Tourism	-	-	105,640	-
Library	4,256	-	-	-
Public works	-	-	-	-
Airport	-	419,688	-	-
Golf course	-	-	-	710,580
Debt service:				
Principal	-	-	-	36,326
Interest and fiscal charges	-	-	-	2,195
Total Expenditures	4,256	419,688	105,640	749,101
Revenues Over (Under) Expenditures	(1,227)	(10,262)	10,952	(24,605)
Other Financing Sources (Uses)				
Lease issuance	-	-	-	21,500
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(14,110)
Total Other Financing Sources (Uses)	-	-	-	7,390
Net Change in Fund Balances	(1,227)	(10,262)	10,952	(17,215)
Beginning fund balances	46,033	117,802	108,998	(5,309)
Ending Fund Balances	$ 44,806	$ 107,540	$ 119,950	$ (22,524)

See Notes to Financial Statements.

City of Liberty, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	CDBG Harvey Recovery	Liberty Ranch PID	Municipal Library Trust	Library Memorial Fund
Revenues				
Hotel occupancy taxes	$ -	$ -	$ -	$ -
Franchise taxes	-	-	-	-
Charges for services	-	-	-	18,437
Intergovernmental	198,539	-	-	-
Rents and royalties	-	-	-	-
Investment income	-	-	8,124	50
Other income	-	-	-	-
Total Revenues	198,539	-	8,124	18,487
Expenditures				
Tourism	-	558	-	-
Library	-	-	622	9,982
Public works	725	-	-	-
Airport	-	-	-	-
Golf course	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	725	558	622	9,982
Revenues Over (Under) Expenditures	197,814	(558)	7,502	8,505
Other Financing Sources (Uses)				
Lease issuance	-	-	-	-
Transfers in	29,400	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	29,400	-	-	-
Net Change in Fund Balances	227,214	(558)	7,502	8,505
Beginning fund balances	(174,859)	34,721	282,700	57,453
Ending Fund Balances	$ 52,355	$ 34,163	$ 290,202	$ 65,958

See Notes to Financial Statements.

Capital Projects (CO 2016)	Public Educ & Government Cable Fund	Police Preseizure	CDBG LAYL Drive	Total
$ -	$ -	$ -	$ -	$ 58,514
-	16,667	-	-	16,667
-	-	-	-	710,819
-	-	-	30,888	594,762
-	-	-	-	72,255
-	-	336	-	11,539
-	-	-	-	62,028
-	16,667	336	30,888	1,526,584
-	-	-	-	106,198
-	-	-	-	14,860
-	-	-	47,291	48,016
-	-	-	-	419,688
-	-	-	-	710,580
-	-	-	-	36,326
-	-	-	-	2,195
-	-	-	47,291	1,337,863
-	16,667	336	(16,403)	188,721
-	-	-	-	21,500
-	-	-	-	29,400
-	-	-		(14,110)
-	-	-	-	36,790
-	16,667	336	(16,403)	225,511
1,007	62,582	74	-	531,202
$ 1,007	$ 79,249	$ 410	$ (16,403)	$ 756,713