City of Hutto

Agenda

City Council Work Session

Thursday, June 1, 2023 at 6:00 PM

Executive Conference Room

Hutto City Hall

500 W. Live Oak Street

In accordance with the Texas Open Meetings Act this meeting agenda is posted for public information, continuously, for at least 72 hours prior to the scheduled time of the meeting on the bulletin board located on the exterior wall of the City Hall building at 500 West Live Oak, Hutto, Texas. This meeting agenda is also accessible via the Internet at huttotx.gov

1. **CALL SESSION TO ORDER**
2. **ROLL CALL**
3. **OTHER BUSINESS**

   3.1. Presentation and possible acceptance of the Annual Comprehensive Financial Report for the period ended 09/30/22 from Jon Watson, CPA, Partner at Brooks & Watson CPA's (Anne LaMere)

4. **ADJOURNMENT**
5. **CERTIFICATION**

   I certify that this notice of the June 1, 2023 Hutto City Council meeting was posted on the City of Hutto website and the City Hall bulletin board of the City of Hutto on May 26, 2023 before 5:00 P.M.

Angela Lewis

The City of Hutto is committed to comply with the Americans Disability Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special accommodations must be made 48 hours prior to the meeting. Please email the City Secretary's office at Angela.Lewis@huttotx.gov or call (512) 759-4839 for assistance.

AGENDA ITEM REPORT
3.1.

To:	City Council
Subject:	Presentation and possible acceptance of the Annual Comprehensive Financial Report for the period ended 09/30/22 from Jon Watson, CPA, Partner at Brooks & Watson CPA's (Anne LaMere)
Meeting:	Thursday, June 1, 2023
Department:	Finance /
Staff Contact:	Anne LaMere

BACKGROUND INFORMATION:

Last year (period ended 9/30/21) the city received a qualified opinion on the Financial Statements due to lack of documentation on the EDC's small business loan program. This year the city is receiving a clean opinion. The auditor has shared 14 suggestions for improvement. The engagement letter has already been signed for the current year audit (period ending 9/30/2023) with Books & Watson. The City will need to go out for bids for the following year (period ending 9/30/2024).

Christina and Anne will work with Jon Watson during June to 1) discuss FY23 year transactions for review and proper recording (EDC loan/grant and three bond issuances this year); 2) discuss development of Finance Department Statement of Procedure for annual accounting close; and 3) discuss FY23 audit schedule to begin in September with Financials to be issued in January.

SUMMARY OF REQUEST:

No acceptance required.

STAFF REVIEW:

Finance Staff Christina Bishop, LaMar Kemp, Gabriel Kihiro, Ivy Love, Michael Strupeck, Reina Alvarez, Utility Billing Manager Monica Burke, Court Administrator Lea Ness, and GIS Analyst Seth Neuman all contributed to the audit. There was a substantial amount of data requests and information required for the statistical section of the ACFR. The Financial Department would like to thank Jon Watson and his team for their hard work and feedback regarding the Cities Financial Report.

FISCAL NOTES:

Fiscal Notes not applicable.

AGENDA ITEM REPORT
3.1.

ATTACHMENTS:

1. Audit Power Point Presentation - Hutto FY 22
2. SAS 114 Letter
3. SAS 115 Letter. - City Responses
4. City of Hutto - 9.30.22 Report - FINAL

Hutto, Texas

Audit Presentation

September 30, 2022

Presented By: Jon Watson, CPA
June 1, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

OVERVIEW OF THE AUDIT PROCESS

Audit Process: 3 stages (Planning, Fieldwork, Conclusion & Reporting)

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS)

- PLANNING
  - The audit process was a risk-based approach in which we focused our procedures on those areas most susceptible to risk of error or fraud.
- FIELDWORK
  - Agree balances to underlying reports, and perform testing to assure those balances are materially accurate.
- CONCLUSION & REPORTING
  - Evaluate results. Prepare report and required communications.

COMPONENTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

- Introductory Section
- Auditor's Opinion
- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-Wide Statements
  - Fund Level Statements
  - Notes to the Financial Statements
- Required Supplementary Information
  - Budget to actual Schedules
  - Pension schedules
  - OPEB schedules
- Other Supplementary Information
  - Combining and individual fund schedules
- Statistical Section

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INDEPENDENT AUDITOR'S REPORT

REFERENCE ACFR – PAGE 1

- Four possible outcomes

-Unmodified

-Modified

-Disclaimed

-Adverse

- The City received an unmodified opinion
- Highest level of assurance

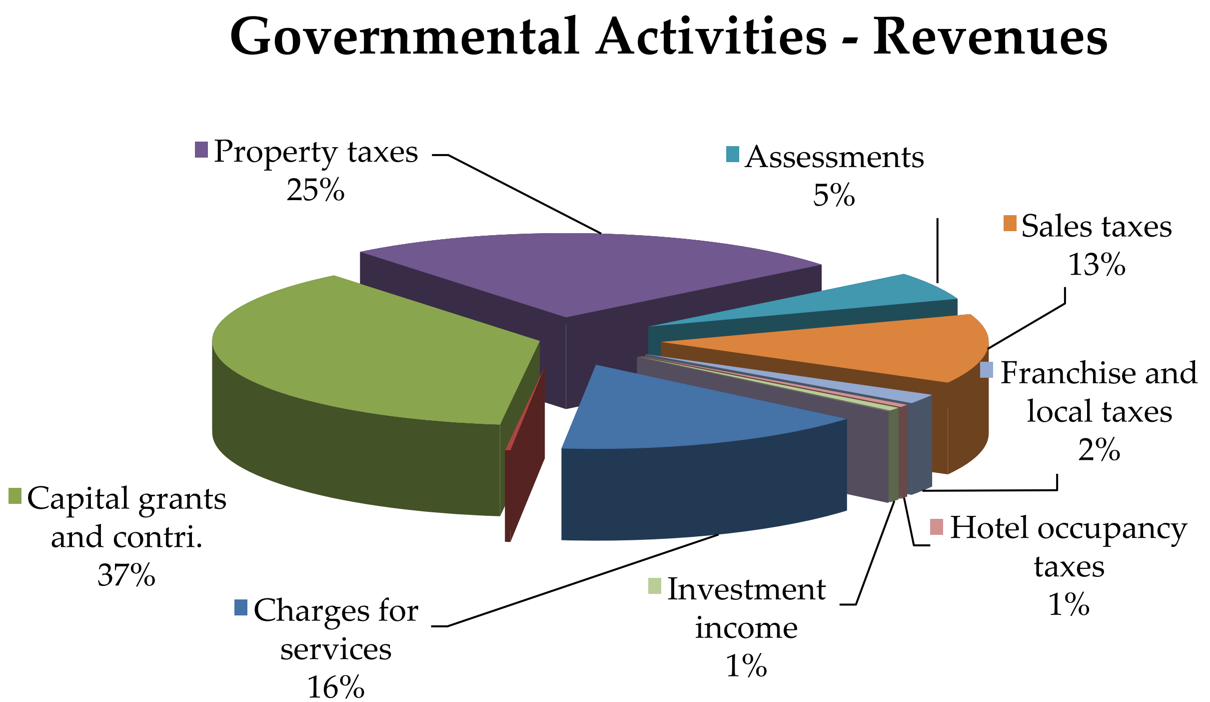
FINANCIAL HIGHLIGHTS

REFERENCE ACFR – PAGES 7, 26, 27, 30, & 31

- ❖Total assets exceeded total liabilities by $204,693,640.
- ❖The City had an overall increase in net position of $25,424,787 for the year.
- ❖City's governmental funds reported a combined ending fund balance of $34,255,557, an increase of $14,754,994.
- ❖Unassigned fund balance in the general fund was $16,434,449 or 86% of annual general fund expenditures.

City Revenues – Governmental Activities

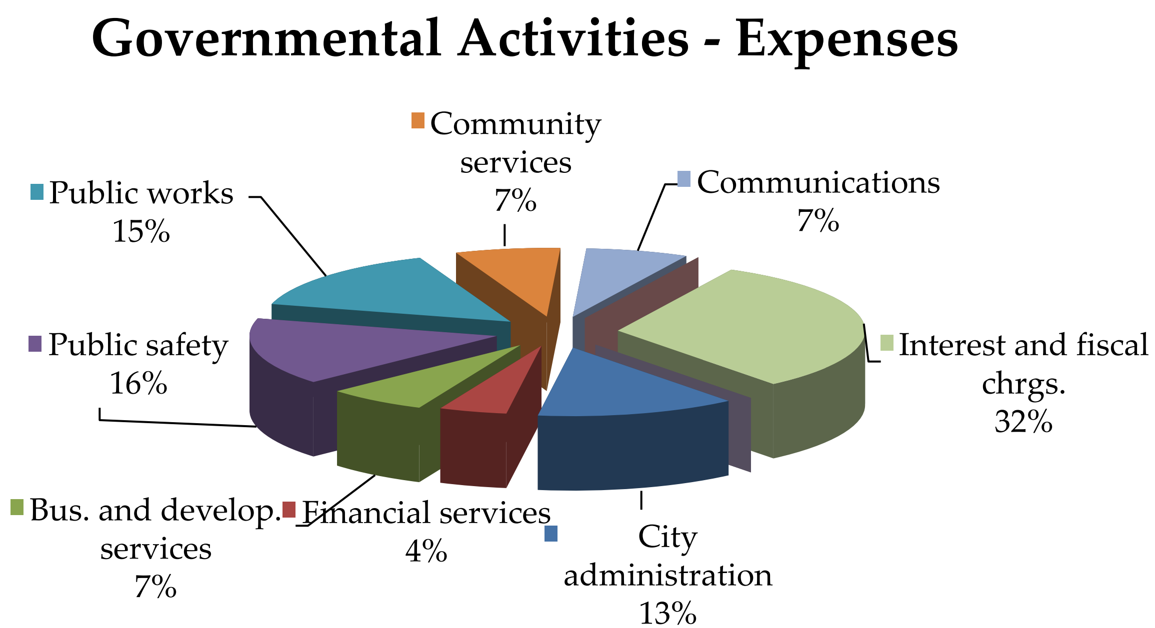
GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 12 & 13



- Total governmental revenues were $56,884,248; prior year was $85,661,937.
- Total property taxes were 25%, $14,256,130; prior year was $12,479,205.
- Total sales taxes were 13%, $7,612,834; prior year was $6,453,633.
- Total capital grants & contributions were 37%, $21,187,911; prior year was $56,729,027.
- Total charges for services were 16%, $8,850,796; prior year was $6,196,963.

City Expenses – Governmental Activities

GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 12 & 14



- ❖ Total governmental expenses were $33,232,675; prior year was $30,706,472.
- ❖ The largest expenses were:
  - ❖ Public safety at 16%, $5,268,714, prior year was $5,264,490.
  - ❖ Public works at 15%; $4,944,355, prior year was $3,713,349.
  - ❖ City administration at 13%, $4,354,395; prior year was $2,913,548.
  - ❖ Business & development services at 7%, $2,187,716; prior year was $3,916,405.
  - ❖ Interest & fiscal charges at 31%, $10,493,876; prior year was $7,780,253.

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STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 30 - 33

	General Fund	Debt Service Fund	Capital Improvements Fund	River Creek LGC	Cottonwood LGC	Other Governmental Funds
Revenues						
Total Revenues	$ 25,250,250	$ 4,446,235	$ 18,032	$ 2,458,513	$ -	$ 11,252,973
Expenditures						
Total Expenditures	19,146,321	4,098,979	1,355,799	3,024,455	3,927,025	21,343,970
Net	6,103,929	347,256	(1,337,767)	(565,942)	(3,927,025)	(10,090,997)
Total Other Financing Sources (Uses)	412,867	-	(7,019,807)	-	7,339,882	23,492,598
Net Change in Fund Balances	6,516,796	347,256	(8,357,574)	(565,942)	3,412,857	13,401,601
Beginning fund balances	9,929,644	1,159,925	6,263,480	2,701,904	(9,465,349)	8,910,959
Ending Fund Balances	$ 16,446,440	$ 1,507,181	$ (2,094,094)	$ 2,135,962	$ (6,052,492)	$ 22,312,560

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SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE (Budget & Actual)

GENERAL FUND – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 106 & 107

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Total Revenues	$ 22,444,898	$ 25,250,250	$ 2,805,352
Expenditures			
Total Expenditures	21,875,800	19,146,321	2,729,479
Revenues Over (Under) Expenditures	569,098	6,103,929	5,534,831
Other Financing Sources (Uses)			
Total Other Financing Sources (Uses)	150,000	412,867	262,867
Net Change in Fund Balance	$ 719,098	6,516,796	$ 5,797,698
Beginning fund balance		9,929,644	
Ending Fund Balance		$ 16,446,440	

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

PROPRIETARY FUNDS – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGE 39

	Utility System	Solid Waste	Total Proprietary
Operating Revenues			
Total Operating Revenues	$ 29,719,080	$ 2,364,478	$ 32,083,558
Operating Expenses			
Total Operating Expenses	14,579,194	1,973,913	16,553,107
Operating Income (Loss)	15,139,886	390,565	15,530,451
Nonoperating Revenues (Expenses)			
Total Nonoperating Revenues (Expenses)	(4,257,237)	-	(4,257,237)
Income Before Transfers and Contributions	10,882,649	390,565	11,273,214
Transfers in/(out), net	(136,645)	-	(136,645)
Change in Net Position	10,746,004	390,565	11,136,569
Beginning net position	34,858,363	464,938	35,323,301
Ending Net Position	$ 45,604,367	$ 855,503	$ 46,459,870

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDING 9/30/22 - REFERENCE ACFR PAGE 110 & 111

	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total Pension Liability				
Service cost	$ 1,503,908	$ 1,734,702	$ 1,999,810	$ 1,565,254
Interest	1,380,256	1,256,953	1,077,837	913,040
Differences between expected and actual experience, changes in assumptions	(303,664)	(666,264)	62,788	26,294
Benefit payments (including refunds)	(366,864)	(399,702)	(308,914)	(251,940)
Net Change in Total Pension Liability	2,213,636	1,925,689	2,831,521	2,252,648
Total Pension Liability Beginning	$ 19,879,719	$ 17,954,030	$ 15,122,509	$ 12,869,861
Total Pension Liability Ending	$ 22,093,355	$ 19,879,719	$ 17,954,030	$ 15,122,509
Plan Fiduciary Net Position				
Contributions (City + Employees)	$ 1,529,437	$ 1,739,910	$ 2,022,074	$ 1,654,232
Net investment income	2,716,669	1,375,275	2,195,091	(395,377)
Benefit payments (including refunds)	(366,864)	(399,702)	(308,914)	(251,940)
Admin expenses & other	(12,446)	(9,296)	(12,754)	(8,026)
Net Change in Plan Fiduciary Net Position	3,866,796	2,706,187	3,895,497	998,889
Plan Fiduciary Net Position Beginning	$ 20,776,173	$ 18,069,986	$ 14,174,489	$ 13,175,600
Plan Fiduciary Net Position Ending	$ 24,642,969	$ 20,776,173	$ 18,069,986	$ 14,174,489
NET PENSION LIABILITY (ASSET)	(2,549,614)	(896,454)	(115,956)	948,020

- The City's current funded ratio is >100%. Average funding level nationwide for government pensions in 2021 was 74.7% per a study by NCPERS.
- The City's contribution rates for three years (2022—2020) were 11.83%, 12.27%, 12.15%

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Communication Letters

- **Communication with Those Charged with Governance**
  - Audit was conducted in compliance with all ethics requirements regarding independence
  - No difficulties were encountered in dealing with management
  - No uncorrected misstatements were identified
  - Listing of adjustments from the audit at back of letter

- **Communication Regarding Internal Controls**
  - See letter for internal controls findings noted related to the City

CONCLUSION
Questions

Presented By: Jon Watson, CPA
June 1, 2023

May 25, 2023

To the Honorable Mayor,
Members of the City Council
and management
City of Hutto, Texas

RE: Communication with Governance Letter

We have audited the financial statements of City of Hutto, Texas as of and for the year ended September 30, 2022, and have issued our report thereon dated May 25, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 8, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Hutto solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control matters noted during our audit in a separate letter to you dated May 25, 2023.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In relation to all nonattest services provided, such as preparation of the financial statements and supporting schedules, the City has assigned an individual with adequate skills, knowledge, and experience to oversee this service.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I. to the financial statements. As described in Note V.I. to the financial statements, during the year ended September 30, 2022, the entity changed its method of accounting for lease recognition by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported as a restatement to the beginning net position and fund balances within the Statement of Net Position and Balance Sheet. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimates inherent within the projection of the future pension obligation used to calculate the net pension liability.

- Estimated useful lives for capital assets

- Estimated outcomes for pending litigation

Management's estimates inherent within the projection of future pension obligation are based on experience studies and observations by the actuaries hired by TMRS and the City for the firefighter pension. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates for the useful lives of capital assets are based on experience and industry standards. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates for litigation outcomes is based on advice of their attorneys. We discussed the estimates with the attorneys to determine whether they appeared reasonable in light of the current status. Estimates appeared reasonable in light of the information we are aware of.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Hutto's financial statements relate to: debt and the net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: see **Exhibit 1.**

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Hutto's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 25, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Hutto, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Hutto's auditors. Our opinion is not modified with respect to this matter.

Modification of the Auditor's Report

We have made the following modifications to our auditor's report.

Emphasis of Matter

As discussed in Note V.H. to the financial statements, due to the implementation of GASB Statement No. 87, *Leases*, the EDC restated beginning net position for component unit activities to recognize lease receivables and related deferred inflows. In addition, due to prior year accounting errors, the City restated beginning net position/fund balance, capital assets and long-term liabilities for governmental activities, the general fund, the utility system fund, and business-type activities. Our opinion is not modified with respect to these matters.

This report is intended solely for the information and use of the city council and management of City of Hutto, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BrooksWatson & Co.

BrooksWatson & Co., PLLC

EXHIBIT 1

Adjusting Journal Entries

Adjusting Journal Entries JE # 1		5100.02		
Health insurance accrued for relates to October 22' and therefore should not be accrued for at 9/30/22.				
10-2000	Accounts Payable Pending		81,975.83	
10-010-001-6061	Health & Life Insurance			3,905.51
10-010-004-6061	Health / Life Insurance			3,308.44
10-010-006-6061	Health/Life Insurance			1,021.32
10-020-001-6061	Health / Life Insurance			5,586.90
10-020-011-6061	Health / Life Insurance			2,664.79
10-030-021-6061	Health / Life Insurance			6,648.79
10-040-001-6061	Health / Life Insurance			5,606.66
10-040-059-6061	Health/Life Insurance			1,763.69
10-050-001-6061	Health / Life Insurance			39,833.20
10-060-007-6061	Health & Life Insurance			2,333.60
10-060-020-6061	Health/Life Insurance			1,861.03
10-060-025-6061	Health/Life Insurance			1,326.04
10-090-039-6061	Health/Life Insurance			4,446.74
10-090-040-6061	Health & Life Insurance			466.56
10-090-050-6061	Health/Life Insurance			112.59
10-090-051-6061	Health/Life Insurance			1,089.97
Total			**81,975.83**	**81,975.83**

Adjusting Journal Entries JE # 2		5500.30		
Entry required to update pension figures to actuarial report				
50-1404	Defferred Inflow-Actual v Assu		597.02	
50-2104	Net Pension Liability		269,028.47	
50-2450	Deferred Outflow-Contributions		41,086.44	
50-040-058-6053	TMRS			138,923.73
50-2451	Deferred Outflow-Inv Experienc			27,595.49
50-2461	Deferred Outflow - Experience			144,192.71
Total			**310,711.93**	**310,711.93**

Adjusting Journal Entries JE # 3		4205.40		
Reverse hotel collections that were accrued in receivables in PY.				

24-5009	Occupancy Tax		15,601.43	
24-1261	Other Accounts Receivable			15,601.43
Total			**15,601.43**	**15,601.43**

Adjusting Journal Entries JE # 4		**5600.30**		
Adjustment required to update OPEB balances to the actuarial valuation				
50-1405	Deferred Outflow OPEB SDBF		203.00	
BWC-50-1407	Deferred Outflow - SDB Changes in Assumptions		10,477.71	
BWC-50-5999	OPEB Expense		20,040.71	
50-1406	Deferred Outflow SDBF			615.64
50-1407	Def Outflow OPEB RHCP			6,225.00
50-2106	Total OPEB Liab SDBF			23,880.78
Total			**30,721.42**	**30,721.42**

Adjusting Journal Entries JE # 5		**5100.10**		
Item found in search for unrecorded liabilities that should be accrued at 9/30/22 based on service period.				
10-030-021-6405	Professional Services		50,432.06	
10-2000	Accounts Payable Pending			50,432.06
Total			**50,432.06**	**50,432.06**

Adjusting Journal Entries JE # 6		**4210.20**		
Entry required to correct unbilled receivable per the cycle reports				
10-5115	Drainage Fees		7,454.21	
50-5201	Water User Fees		28,401.84	
70-5204	Waste Management Fees		22,151.26	
10-1232	Unbilled Drainage Receivable			7,454.21
50-1232	Unbilled Receivable			28,401.84
70-1232	Unbilled Receivable			22,151.26
Total			**58,007.31**	**58,007.31**

Adjusting Journal Entries JE # 7		**4100.00**		
Record escrow cash account never recorded by the City.				
10-1099	US Bank escrow account		413,019.59	
10-3001	Fund Balance			413,019.59
Total			**413,019.59**	**413,019.59**

Adjusting Journal Entries JE # 8		**4100.00**		
Record adjustment to Claim on Cash and Direct Deposit Payable accounts to eliminate difference in cash balance from month end payroll cutoff issue.				
10-1000	Claim on Cash-General Fund		182,003.00	
50-1000	Claim on Cash-Utility Services Operating		28,205.80	
10-2103	Direct Deposit Payable			182,003.00
50-2103	Direct Deposit Payable			28,205.80
Total			**210,208.80**	**210,208.80**

Adjusting Journal Entries JE # 9		4205.05		
To adjust the property tax receivable and deferred revenue balances to the amount confirmed.				
10-1201	General Prop. Tax Receivable		67,888.80	
11-1202	Interest & Sinking Receivable		27,800.91	
10-2501	Deferred Property Taxes			67,888.80
11-2502	Deferred Revenue I & S			27,800.91
Total			**95,689.71**	**95,689.71**

Adjusting Journal Entries JE # 10		6100.05		
Adjust EDC fund balance to agree to prior year report.				
35-3001	Fund Balance		113,124.39	
35-1279	Allowance for doubtful accounts - notes receivable			11,666.39
35-2998	Deferred Inflows - notes receivable			101,458.00
Total			**113,124.39**	**113,124.39**

Adjusting Journal Entries JE # 11		4215.10		
Adjustment to record lease receivable and deferred inflow for adoption of GASB 87. Roznovak lease				
35-1299	Lease receivable		83,936.77	
35-2999	Deferred inflows - leases			81,948.05
35-3001	Fund Balance			1,988.72
Total			**83,936.77**	**83,936.77**

Adjusting Journal Entries JE # 12		4215.10		
Adjust current year activity for adoption of GASB 87 - Roznovak				
35-2999	Deferred inflows - leases		25,214.78	
35-5099	Other Revenue		23,127.50	
35-1299	Lease receivable			19,779.23
35-5049	Interest revenue - lease			3,348.27
35-5199	Lease revenue			25,214.78
Total			**48,342.28**	**48,342.28**

Adjusting Journal Entries JE # 13		5200.40		
Adjust payments received for legal fee reimbursements to revenue. These amounts are not owed back to option purchaser or attorney, they are flat fee reimbursements. Also, reclass legal expenses applied to expense.				
35-2504	Legal Fee Deposit Liability		25,000.00	
35-2504	Legal Fee Deposit Liability		25,000.00	
35-2504	Legal Fee Deposit Liability		50,000.00	
35-500-008-6401	Attorney Svcs		5,166.58	
35-2504	Legal Fee Deposit Liability			811.13
35-2504	Legal Fee Deposit Liability			4,355.45
35-5099	Other Revenue			25,000.00
35-5099	Other Revenue			25,000.00
35-5099	Other Revenue			50,000.00
Total			**105,166.58**	**105,166.58**

Adjusting Journal Entries JE # 14 **4210.10**

To correct the allowance for uncollectibles to agree to the current year aging report

BWC 50-5115	Bad Debt Expense Adjustment	48,656.66	
50-1233	Allow For Uncollect Receivable		48,656.66
Total		**48,656.66**	**48,656.66**

Adjusting Journal Entries JE # 15 **4205.06**

To reduce PID assessment receivable and deferred revenue as of year end.

73-2501	Deferred Revenue - PID Assessments	410,000.00	
73-1400	Assessments Receivable		410,000.00
Total		**410,000.00**	**410,000.00**

Adjusting Journal Entries JE # 16 **5300.06**

Amortize Bond Premium and Deferred Charge

51-010-999-6802	Bond Interest Expense	41,793.35	
51-2503	Premium on Bonds	356,219.54	
51-010-999-6802	Bond Interest Expense		356,219.54
51-1403	Deferred Amount on Refunding		41,793.35
Total		**398,012.89**	**398,012.89**

Adjusting Journal Entries JE # 17 **4600.30**

Additions relating to Cottonwood Creek Phase 1 beyond Draw #1 taken. Anticipate a future draw to reimburse developer.

81-100-000-6665	Principal - Developer	5,154,722.45	
81-100-000-6660	Capital Outlay - PIDs		5,154,722.45
Total		**5,154,722.45**	**5,154,722.45**

Adjusting Journal Entries JE # 18 **4600.10**

Additions from search for capital assets testing.

50-1902	Construction in Progress	14,328.75	
50-1914	Machinery and Equipment	11,075.00	
50-1914	Machinery and Equipment	155,740.26	
50-020-010-6207	Meter Endpoints		11,628.00
50-020-010-6207	Meter Endpoints		46,400.00
50-020-010-6216	Water Meters		24,380.00
50-020-010-6216	Water Meters		38,650.78
50-020-010-6499	Other Contracted Services		5,940.00
50-020-010-6499	Other Contracted Services		15,730.00
50-040-058-	Technology Equip & Supplies		6,145.98

6212			
50-040-058-6212	Technology Equip & Supplies		6,865.50
50-040-058-6404	Engineering Svcs		14,328.75
50-040-058-6661	Water Distrib Facility & Equip		11,075.00
Total		**181,144.01**	**181,144.01**

Adjusting Journal Entries JE # 19	4600.35		
Capital assets paid for out of the general fund transferred to utility fund (Live Oak and Lakeside Estates).			
10-100-000-6759	Transfer to Fund 55	206,932.89	
55-1905	Water / Wwater Systems	206,932.89	
10-040-060-6650	Capital Outlay - Streets & Drainage		86,608.00
10-040-060-6650	Capital Outlay - Streets & Drainage		120,324.89
55-5850	Transfer from Fund 10		206,932.89
Total		**413,865.78**	**413,865.78**

Adjusting Journal Entries JE # 20	5650.30		
Adjustment to update OPEB to the actuarial valuation.			
BWC-50-5999	OPEB Expense	19,024.31	
50-1407	Def Outflow OPEB RHCP		3,066.00
50-2105	Total OPEB Liability		7,285.82
50-2552	Deferred Outflowp OPEB Items		8,672.49
Total		**19,024.31**	**19,024.31**

Adjusting Journal Entries JE # 21	5300.05		
Entry to correct enterprise fund debt balance and accrued interest			
51-010-999-6802	Bond Interest Expense	29,243.32	
51-2612	General Obligation 2012	76.68	
51-2998	CP - Contra Account	377,886.00	
51-2011	Accrued Interest Payable		28,941.00
51-2618	2017 CO		379.00
51-2999	Current Portion of Bond Debt		377,886.00
Total		**407,206.00**	**407,206.00**

Adjusting Journal Entries JE # 22	5300.05		
Transfer in from governmental to reflect change in debt repayment split between govt and enterprise			
BWC-51-5650	Transfer to GOVT Activities	343,578.00	
51-2618	2017 CO		343,578.00
Total		**343,578.00**	**343,578.00**

Adjusting Journal Entries JE # 23	5300.05B		
Entry required to properly allocate the capital lease payment between interest and principal			
11-010-999-	Capital Lease - Principal Pmt	54,327.00	

6692			
11-010-999-6691	Capital Lease - Interest Pmt		54,327.00
Total		**54,327.00**	**54,327.00**

Adjusting Journal Entries JE # 24 5300.05B
Entry required to restate prior year balances for debt and accurately reflect current year payment

51-1904	Machinery and Equipment	30,558.95	
51-2621	Lease Payable	0.39	
51-3001	Fund Balance	30,558.95	
51-100-000-6691	Capital Leases		30,559.34
51-3001	Fund Balance		30,558.95
Total		**61,118.29**	**61,118.29**

Adjusting Journal Entries JE # 25 5300.05
Accrue for additional interest on Preston Hollow and Bulter notes at fund level due to non-payment past maturity

76-020-001-6802	Interest	541,947.00	
76-020-001-6802	Interest	2,700,000.00	
76-2001	Accrued Accounts Payable		541,947.00
76-2011	Accrued Interest Payable		2,700,000.00
Total		**3,241,947.00**	**3,241,947.00**

Adjusting Journal Entries JE # 26 5300.07
Entry required to properly present GASB 87 Lerase

10-020-011-6540	Lease Interest	6,423.80	
10-020-011-6541	Lease Principal	34,330.08	
10-030-021-6602	Vehicles	99,634.27	
10-050-001-6602	Vehicles	333,935.52	
50-100-000-6691	Capital Lease Interest	423.29	
50-1904	GASB 87 Leases	44,398.61	
10-030-021-6408	Lease / Rental Services		5,460.48
10-050-001-6408	Lease / Rental Services		35,293.40
10-5850	Proceeds from Lease		433,569.79
50-040-058-6408	Lease & Rental Svcs		2,814.55
50-2621	LeasePayable		42,007.35
Total		**519,145.57**	**519,145.57**

Adjusting Journal Entries JE # 27 5100.00
Entry to accrue for late invoice received for engineering costs

10-040-023-6405	Professional Services	133,503.25	
10-2000	Accounts Payable Pending		133,503.25
Total		**133,503.25**	**133,503.25**

Adjusting Journal Entries JE # 28 — **5100.20**

Entry to true up the HEB /Tack development payable to schedule PBC

10-5007	Sales Tax Rebates	443,264.88	
10-2008	HEB/Tack Development Payable (escrow)		443,264.88
Total		**443,264.88**	**443,264.88**

Adjusting Journal Entries JE # 29 — **4215.05**

Correct EDC loan Receivable Balance and Allow for loans in default on repayment

35-2998	Deferred Inflows - notes receivable	101,458.00	
35-1275	Business Loans		5,719.85
35-1279	Allowance for doubtful accounts - notes receivable		73,125.15
35-4102	Miscellaneous revenue		10,113.00
35-4198	Notes receivable - revenue		12,500.00
Total		**101,458.00**	**101,458.00**

Adjusting Journal Entries JE # 30 — **3100.00**

Record transfer of land held for sale from capital projects fund to Cottonwood LGC fund; owned by Cottonwood.

60-100-000-6749	Transfer to Fund 76	7,339,882.4 1	
76-1107	Land Held for Investment	7,339,882.4 1	
60-1107	Land Held for Investment		7,339,882.4 1
76-100-000-6749	Transfer from Fund 60		7,339,882.4 1
Total		**14,679,764. 82**	**14,679,764. 82**

Adjusting Journal Entries JE # 31 — **4600.06**

Reclass CIP for Live Oak and Lakeside Estates to completed.

55-1905	Water / Wwater Systems	1,711,706.0 0	
55-1902	Construction in Progress		1,711,706.0 0
Total		**1,711,706.0 0**	**1,711,706.0 0**

Adjusting Journal Entries JE # 32 — **4600.06; 4600.30**

Capitalize additions expensed to capital assets

50-1914	Machinery and Equipment	420,000.00	
55-1902	Construction in Progress	4,055,744.4 6	
50-040-058-	Vehicles		420,000.00

6602			
55-040-176-6622	Pump Upgrade - Shiloh & Frameswitch		621,668.00
55-040-191-6621	HWY 79 Dist Line		3,434,076.46
Total		**4,475,744.46**	**4,475,744.46**

Adjusting Journal Entries JE # 33		**4600.06**		
Remove CIP for projects that won't be continued per client direction.				
55-040-181-6621	General Capital Projects		541,756.00	
55-1902	Construction in Progress			541,756.00
Total			**541,756.00**	**541,756.00**

Adjusting Journal Entries JE # 34		**4600.06**		
Record adjustment to record depreciation expense.				
55-040-001-6591	Depreciation		5,782,630.97	
55-1911	Accumulated Depreciation			5,782,630.97
Total			**5,782,630.97**	**5,782,630.97**

Adjusting Journal Entries JE # 35		**4600.06**		
Record adjustment for capital asset disposals indicated by client.				
55-1599	Due from Fund 60		412,500.00	
55-1911	Accumulated Depreciation		197,862.34	
60-5064	Sale of Assets		412,500.00	
55-1904	Machinery and Equipment			593,238.62
55-5998	Gain on disposal of capital assets			17,123.72
60-2398	Due to Fund 55			412,500.00
Total			**1,022,862.34**	**1,022,862.34**

Adjusting Journal Entries JE # 36		**2650.12**		
Record final judgement on river creek development corporation lawsuit				
45-020-001-6500	Lawsuit Settlement		702,143.37	
45-2005	Lawsuit Judgement Payable			702,143.37
Total			**702,143.37**	**702,143.37**

Adjusting Journal Entries JE # 37		**4800.05**		
To adjust inventory to reflect year-end count.				
50-020-010-6216	Water Meters		31,054.88	
50-1500	Utility Inventory			31,054.88
Total			**31,054.88**	**31,054.88**

Adjusting Journal Entries JE # 38		3100.00		
Move plan fee deposit for Meadow Brook from revenue account to liability account for proper presentation				
83-5509	Miscellaneous Revenue		100,000.00	
83-2504	Plan Fee Deposit Liability			100,000.00
Total			**100,000.00**	**100,000.00**

May 25, 2023

To the City Council and Management
City of Hutto, Texas

RE: Communication with Governance Letter- Internal Control Matters

In planning and performing our audit of the financial statements of the City of Hutto, Texas (the "City"), as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this letter and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

We consider the following deficiencies in the City's internal control to be material weaknesses:

1. CLOSING PROCESS

Finding

As a part of our audit we encountered several accounts that required adjustment to be consistent with Generally Accepted Accounting Principles "GAAP". These adjustments are listed in the audit communication letter provided to City Council. The City is responsible for their closing process, and assuring their results are recorded consistently with GAAP. When material audit adjustments are proposed it represents a deficiency within the financial closing process.

Recommendation

We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

City Response: Agreed. The Finance Director and controller are creating a year-end close schedule to ensure a timely close and completion of the audit.

2. CASH MANAGEMENT

The City utilizes a pooled cash account for all of its funds, component units, LGCs, PIDs, and fiduciary funds that it acts as a custodian for (MUDs). This type of account, pooled cash, allows the City to utilize one or a few bank accounts across multiple funds and provides flexibility when moving cash from one fund to another, without the need for a physical bank transfer. As all funds are pulling from the same account(s), it is possible for an individual fund to have a negative cash balance while the entire account itself is positive.

Although convenient, the individual fund cash balances should be monitored closely, and deficit positions should only be temporary. We noted several funds with negative pooled cash balances at the beginning of the year and at yearend. Negative balances represent unrecorded borrowings between funds or entities sharing the pooled cash account. Many times these borrowings are unintentional and are a function of sharing the same bank account(s). Further, a pooled cash account to be utilized by funds within the City is not uncommon, but sharing a bank account with separate legal entities and entities the City acts as a fiduciary custodian for is not an ideal practice.

Recommendation

We suggest the City implement a policy where all individual cash balances are reported to Council and monitored regularly. When a fund has a negative or low cash position, the need for a transfer of funds or spending reduction should be considered and the negative position should be corrected within a reasonable amount of time.

We also suggest all separate legal entities from the City have their own bank accounts separate from the City's pooled cash account. This includes the component units (EDC and TIRZ), LGCs, PIDs, and the funds held as a custodian for MUDs.

City Response: During FY 2022, the controller began a cleanup of commingled pooled cash in all of the City's funds. In particular, the commingling of funds in the PID accounts and bond funds spanned several years and the cleanup is still ongoing. With the completion of the audit, completing the cleanup of these accounts and improving pooled cash setup is one of the top priorities of the controller and senior accountant.

With the City's new format of investment reporting, the investment team will begin reporting cash balances at the fund level beginning with the 6/30/2023 investment report.

3. COMPLETENESS OF ACCOUNTING IN PRIOR YEARS

During the year the City received a $413,020 refund for an escrow account in the current year. The City did not have an asset recorded for this amount prior to receipt, and was unaware this amount was outstanding.

Recommendation

The City should share all pertinent financial information and agreements with the finance department, and ensure the finance department records all activity. The City should assure all bank accounts are set up to have the related bank statements sent to City hall so the finance department is aware of all deposit accounts. The City should share information and cross train employees within the finance department to assure information isn't lost when employee turnover occurs.

City Response: The escrow account was created several years ago, and is recognized to be a significant accounting error by a previous finance team. All cash activity is being recorded by the current finance team.

4. COMPLETENESS OF ACCOUNTING OVER CAPITAL ASSETS AND PID CAPITAL OUTLAYS

During the year the City didn't track all capital assets activities for the City and their PIDs. The auditor assisted with accumulating and tracking this information during the yearend audit.

Recommendation

The City should track all capital assets and PID activities during the year, and have this information available for audit.

City Response: Agreed. The City's finance department now has all capital assets recorded into Incode Accounting System. This will make it easier to track and maintain capital assets.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

1. OLD RECONCILING ITEMS

During the audit we observed several old reconciling checks within the bank reconciliations. These checks were greater than one year old, and therefore are unlikely to ever clear the bank.

Recommendation

The City should look into these reconciling items to determine: 1. If they are correctly outstanding and not duplicate payments (correcting if they are duplicates), 2. if correctly outstanding, reissue the checks to the recipient if they have a valid address and void the old checks, or 3. remit the payments to the county or state to be escheated for the recipient.

City Response: Agreed. Review and escheatment of these items will begin to occur as part of the bank reconciliation process.

2. UNDERPAYMENT OF TMRS AMOUNT DURING YEAR

During the audit we noted three months where the pension contributions were inconsistent with the amount calculated based off of payroll multiplied by the recommended TMRS contribution percentages. Employer contributions were under by $10,256 and employee contributions by $6,590 for the year.

Recommendation

The City should make sure they contribute monthly consistently with the recommended rate from TMRS and catchup any shortfalls.

City Response: Agreed.

3. PERMIT CHARGES

During testing, we tested a permit fee for a patio/deck that was incorrectly calculated. The formula in MyGov did not match the ordinance set rate and led to an undercharging of over $50. We also noted a difference in the amount charged for a credit card processing fee. Per Ordinance 00-2022-18 dated May 19, 2022, the credit card processing fee was increased to 3% for all development services transactions. However, a permit from July was calculated using the old 2% fee.

Recommendation

We recommend the City correct the formula in MyGov, and once My Gov updates the rates in the system, the rates are reviewed and compared to the ordinance by someone outside of development services.

City Response: Agreed. Will work with Development Services to ensure that fees calculate properly in the permitting system.

4. APPROVAL OF INVESTMENT POLICY

During our audit we review the investment policy and other Public Funds Investment Act "PFIA" criteria to assure the City is in compliance over their investments. It came to our attention that the City did not review and approve the investment policy during the year under audit.

Recommendation

We recommend the City review and approve the investment policy annually.

City Response: The City's investment policy was due to be reviewed and approved in September of 2022. The policy was not revised and approved until a couple of months later. Management now has several mechanisms in place to track due dates of annual items requiring approval amongst several departments.

5. MUNICIPAL COURT WARRANTS

During our audit we reviewed a sample of citations. It came to our attention that there is a backlog of cases that need warrants processed, and the cases are not being sent to collections.

Recommendation

We recommend the City review and initiate a plan to start submitting old cases to collections and clearing the backlog of warrants.

City Response: Agreed. Discussions have occurred with the City Judge of several ways to address the backlog of warrants to include use of a warrant officer and robo calling. Will review collections as an option, however, past experience has shown that collections is not as effective as calls.

6. LACK OF DOCUMENTATION OVER CITY COUNCIL APPROVAL OF SIGNIFICANT PURCHASE

During our audit we vouched a check payment of $420,000 for a new vehicle from Austin Truck & Equipment. The purchase was made through BuyBoard. The City was unable to provide support that City Council approved the payment. Purchases greater than $50,000 should be approved by City Council consistent with the City's purchasing policy.

Recommendation

We recommend the City ensure the AP department is aware of their purchasing policy, and ensure they have council approval before processing purchases over $50,000.

City Response: There was a misinterpretation of the purchasing policy by a key member of the finance department. After their departure, a new purchasing policy was adopted by Council and training has been completed by City staff.

7. CHECKS NOT APPROVED BY AUTHORIZED SIGNORS

During our walkthrough of the disbursement process, we noted that checks are printed by the accountant preparing and entering the checks with authorized signatures on them when printed. This removes the authorized signor from the check signing and authorization associated with signing the checks, and effectively transfers that authority to the accountant that prints the checks.

Recommendation

We suggest that only authorized signors are authorized to use their signatures, and the City discontinue allowing others to print checks with their signatures. The City may consider increasing the number of authorized signors if this change seems burdensome.

City response: Agreed.

We noted the following matters related to internal controls over financial reporting, compliance, and/or operation as follows:

1. CAPITALIZATION THRESHOLD CAN BE INCREASED

The City's capitalization threshold is $5,000. This may have been a reasonable threshold when their activity was less and they were smaller, but it can be increased based on the current status of the City.

Recommendation

We suggest the City consider increasing their capitalization threshold to $10,000 or $15,000 to make the process of accounting over capital assets more efficient.

City Response: The city's financial policy will be reviewed this summer, and we will incorporate this as part of our review.

2. GASB STATEMENT NO. 96 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS ("SBITA")

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB Statement No. 96 (GASB 96) establishes uniform accounting and financial reporting requirements for SBITAs. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction." This statement is effective for fiscal periods beginning after June 30, 2022.

For SBITAs qualifying for treatment under this statement, the City will need to record a right-to-use asset and a subscription liability.

The subscription asset would be recognized and initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before the subscription term's commencement, and capitalizable implementation costs. A government would recognize amortization of the subscription asset as an outflow of resources over the subscription term.

The subscription liability would be measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments would be discounted using the interest rate the SBITA vendor charges the government or the government's incremental borrowing rate if the interest rate is not readily determinable.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets and includes periods covered by an option to extend (if it is reasonably certain that either party—the government or the SBITA vendor—will exercise that option) or to terminate (if it is reasonably certain either party will not exercise that option).

The initial application of this accounting standard will require substantial evaluation and will result in additional accounting and reporting requirements.

Recommendation

The City should begin planning for the implementation of this accounting standard by establishing a policy to 1) establish a capitalization threshold for leases, 2) define "reasonably certain" as it relates to the likelihood of a subscription term to extend beyond 12 months, 3) establish a system to capture the required subscription information in order to determine the applicability of the standard.

City Response: Agreed.

3. COUNCIL REQUEST FOR MORE DETAILS

As a part of the audit we inquire to City Council about various matters. One of those matters relates to whether there is information not provided regarding the financial position of the City that they would consider helpful in their role on City Council. One respondent indicated they'd like "all details".

Recommendation
We suggest Management work with City Council to provide the details they request as indicated with this response.

City Response: Agreed. The finance department is working to enhance the contents of the budget, monthly financial report, and quarterly investment report. We look forward to providing more transparency to Council and other stakeholders.

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

Very truly yours,

BrooksWatson & Co.

BrooksWatson & Co., PLLC

Annual Comprehensive Financial Report

For the Year Ended September 30, 2022

City of Hutto, Texas

CITY OF HUTTO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

City of Hutto, Texas

For the Year Ended
September 30, 2022

<u>Prepared by</u>

Financial Services

City of Hutto, Texas

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CITY OF HUTTO

May 25, 2023

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Hutto, Texas (the City) for the year ended September 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksWatson & Company has issued an unmodified “clean” opinion on the City’s financial statements for the year ended September 30, 2022. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

The City and its Services

Hutto was established in 1876 when the International and Great Northern Railroad passed through land owned by James Emory Hutto. Railroad officials designated the stop as the Hutto station and the town of Hutto was born. The City was formally incorporated in 1911. It was further developed and established as an agricultural base for the local farming and ranching community.

According to local legend, in 1915, a circus train stopped in Hutto, Texas, at the depot to take on passengers, pick up and deliver mail, and take on water and fuel for the steam locomotive. The circus train workers also would have taken this opportunity to care for their animals. At some point during this historic layover, a hippopotamus got out of the railcar and made its way to nearby Cottonwood Creek. This caused much consternation for the circus workers. Local farmers and merchants watched the commotion in amusement and with interest as unsuccessful efforts were made to extricate the hippopotamus from the muddy waters of Cottonwood Creek. After much effort, the hippo was prodded from the mud and water that resembled its natural habitat and was reloaded back onto the train car. Soon afterward the Hutto School adopted the hippopotamus as its mascot, and as early as 1923, the hippo appeared on official Hutto High School graduation announcements. The unique mascot has become one of the best-known facts about Hutto.

Hutto is located in Central Texas at the intersection of State Highway 130 and US Highway 79, approximately 25 miles from the State Capitol. Its proximity to major employers, strong community values, state recognized schools, and small-town charm continues to attract new residents. While the population at the 2000 census was just 1,250, approximately 40,000 people now call the growing community home, making Hutto one of the fastest growing cities in the nation.

Hutto is a home-rule charter city and operates under a council-manager form of government. A mayor and six council members are elected at large in staggered three-year terms. The City provides a range of services to its citizenry. Major services provided under general government and enterprise functions include: police protection, water and sewer services, solid waste services, park facilities, recreational programs and events, library services, street construction, reconstruction, maintenance, and general administrative services. Fire protection for the City of Hutto is provided through a partnership with the Williamson County Emergency Services District #3. The City is financially accountable for the Hutto Economic Development Corporation (HEDC), a Texas economic development corporation, which funds economic development projects by utilizing an additional ½ cent "4B" sales tax approved by the voters in 2017.

Local Economy

Hutto is part of the rapidly-growing Austin-Round Rock MSA. Hutto's proximity to downtown Austin and large employers in Williamson and Travis Counties has encouraged substantial residential growth in the last decade, given the amount of land available for development within City limits.

The economy in Hutto has been strong and is continuing to grow. Development has continued to flourish, with the City issuing 3,813 building permits and estimating a population of 43,470 in 2022. In comparison, the City issued 367 building permits and had a population of 20,752 just ten years earlier. Consumer spending is also strong, as evidenced by increased sales tax collections, an increase of 16% from 2021 to 2022.

With population estimates now in excess of 40,000, there has been increased interest in retail development, as well as growth in light industrial and mixed-use. The City is actively working to attract new retailers and employers into the City limits, which is expected to diversify the City's property tax base in coming years.

Long-Term Financial Planning

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City's long-range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the Capital Improvement Funds of the City. The City's Fiscal and Budgetary policy dictates this plan be updated annually.

One of the most important components of the city's Financial Plan is the Capital Improvements Plan (CIP Plan). With the significant growth in Hutto and surrounding communities, addressing infrastructure improvements is one of the City's highest priorities. The City adopted a 5-year CIP plan as part of the FY 2023 budget, and is constantly being monitored and re-evaluated as priorities for water, wastewater and transportation projects change.

Relevant Financial Policies

Budgetary Controls. The City Charter provides that the City Manager shall prepare and present an annual budget, which is then adopted by the City Council through the passage of a budget ordinance. The fiscal policy requires that the City maintain reserves of 20% of annual budgeted operating expenditures. The City Manager is authorized to transfer budgeted amounts among programs within a department; however, transfers between departments or an increase to the overall total expenditure of any fund must be presented to the City Council.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. Financial reports are produced showing budgeted and actual expenditures by line item and are distributed monthly to the City departmental managers. Individual expenditure and revenue line items are reviewed monthly.

Major Initiatives

Infrastructure Improvements. With the robust growth in the City, ensuring that sufficient infrastructure exists is one of the highest priorities of the City. In October of 2022, the City issued 25 million dollars in General Obligation bonds to complete intersection improvements at FM 1660 and Limmer Loop and FM 1660 at US 79. Design and engineering is also underway on multiple other transportation projects, including the East-West Spine Road which is expected to facilitate development within the City's "Megasite".

In addition to transportation projects, the City issued 52 million dollars in Certificates of Obligation in November of 2022 to fund various water and wastewater projects.

Land Development. The "Megasite" is an impressive collection of land located on Hutto's eastern boundary, along the new Southeast Loop that will connect to SH 130. Hutto's Economic Development Corporation owns approximately 400 acres there. In addition, the HEDC recently purchased several tracts known as the "Cottonwood Properties" from the Cottonwood Development Corporation. There is significant interest in the Megasite and Cottonwood Properties, due to its proximity to the future Samsung plant in Taylor, and its ability to facilitate large scale projects. The HEDC and City are actively working to attract businesses to these sites and prepare it for development, including the completion of East-West Spine Road.

Acknowledgements

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the City's Financial Services department. We would like to express our appreciation to all members of the department and the other City staff members who were instrumental in the successful completion of this report.

We would also like to thank the staff of BrooksWatson & Company for the guidance of and oversight of our audit process and the presentation of our annual report.

Finally, we would also like to thank the Mayor and members of the City Council for their leadership and support in maintaining the highest professional standards and integrity in the City of Hutto's finances.

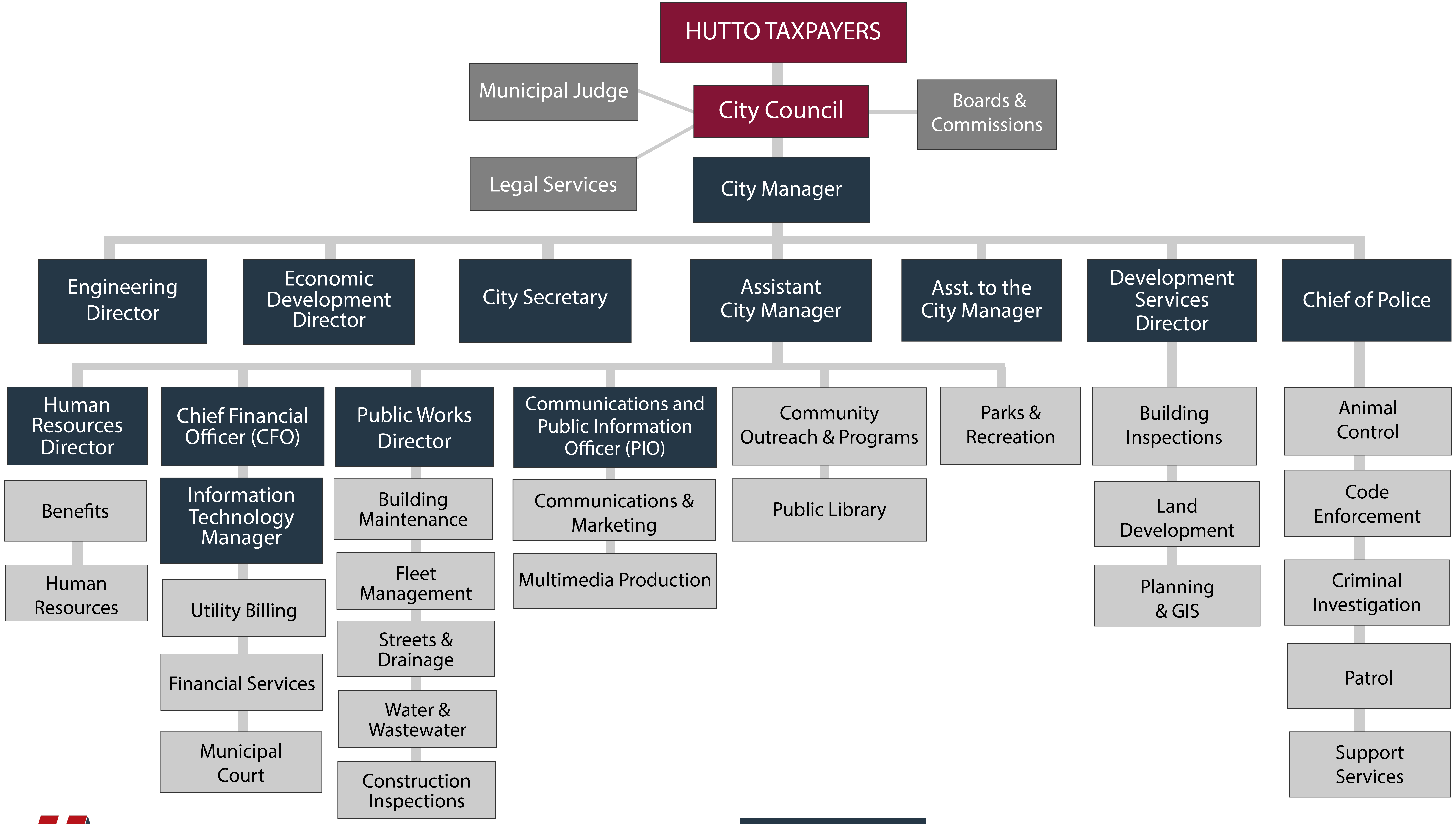
Respectfully submitted,

James R. Earp, CPM
City Manager

Matt Wojnowski
Assistant City Manager

Anne LaMere, CPA, CGMA, CPM
Interim Finance Director

Christina Bishop
Controller



City of Hutto - Reporting Structure (Summer 2022)

Staff Leadership Team Positions

City of Hutto
List of Elected and Appointed Officials
September 30, 2022

Elected Officials

Mayor	Mike Snyder
Mayor Pro Tem	Peter Gordon
Council Place 1	Brian Thompson
Council Place 2	Dan Thornton
Council Place 3	Randal Clark
Council Place 5	Krystal Kinsey
Council Place 6	Amberley Kolar

City Administration

City Manager	James R. Earp, CPM
Assistant City Manager	Matt Wojnowski
Chief of Police	Jeffrey Yarbrough
Director of Development Services	Ashley Bailey
Director of Finance	Anne Lamere
Director of Human Resources	Irene Talioaga
Director of Public Works	Rick Coronado
Public Information Officer	Allison Strupeck
City Engineer	Matt Rector
City Secretary	Angela Lewis
City Attorney	Dotti Palumbo, Bojorquez Law Firm
Municipal Court Judge	The Honorable Lucas Wilson

FINANCIAL SECTION

CITY OF HUTTO

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Hutto, 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 units, each major fund, and the aggregate remaining fund information of the City of Hutto, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Hutto, 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.

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCPA.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.H. to the financial statements, due to the implementation of GASB Statement No. 87, *Leases*, the EDC restated beginning net position for component unit activities to recognize lease receivables and related deferred inflows. In addition, due to prior year accounting errors, the City restated beginning net position/fund balance, capital assets and long-term liabilities for governmental activities, the general fund, the utility system fund, and business-type activities. Our opinion is not modified with respect to these matters.

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, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 the City'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.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
May 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Hutto, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

As management of the City of Hutto, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2022 by $204,693,640. Of this amount, $34,645,648 (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 $25,424,787. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $34,255,557 at September 30, 2022, an increase of $14,754,994 from the prior fiscal year; this includes an increase of $6,516,796 in the general fund, an increase of $347,256 in the debt service fund, a decrease of $8,357,574 in the capital improvement projects fund, a decrease of $565,942 in the River Creek LGC fund, an increase of $3,412,857 in the Cottonwood LGC fund, an increase of $2,472,539 in the Durango Farms PID fund, and increase of $4,390,644 in the Meadows at Cottonwood PID fund, and an increase of $6,538,418 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $16,434,449 or 86% of total general fund expenditures.

- The City's total debt showed a net increase of $12,419,121. Governmental bonds payable, notes payable, and tax notes totaled $139,499,913 at the close of the fiscal year. Self-supporting debt of the proprietary fund was $123,912,521.

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 city administration, financial services, business and development, public safety, community services, and communications. The business-type activities of the City include utility 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 Hutto Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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.

<u>Governmental Funds</u>

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 eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital improvement projects fund, River Creek LGC fund, the Cottonwood LGC fund, the Durango Farms PID fund, and the Meadows at Cottonwood PID fund, which are considered to be major funds. The City's other special revenue funds and capital project funds are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, other major governmental funds, and various special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. The City did not adopt a budget for the transportation improvement, Cottonwood LGC, Meadow Brook PID, Liddel Walker PID, Estates of Hutto, ARPA grant or Meadows of Cottonwood PID funds.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses two enterprise funds to account for its utility and solid waste operations. All activities associated with providing such services are accounted for in these funds, including personnel, administration, operation, repairs/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 utility system fund and the solid waste fund, as they are considered major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one fiduciary fund. The MUD Fund reports resources held by the City in a custodial capacity for municipal utility districts.

Component Units

The City maintains the accounting and financial statements for two component units. The Hutto Economic Development Corporation and the TIRZ #1 are reported as discretely presented component units 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

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 Hutto, assets and deferred outflows exceed liabilities and deferred inflows by $204,693,640 as of September 30, 2022 in the primary government.

The largest portion of the City's net position, $58,412,971, reflects its investments in capital assets (e.g., land, buildings, infrastructure, vehicles, machinery and equipment, as well as the public works facilities), 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.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

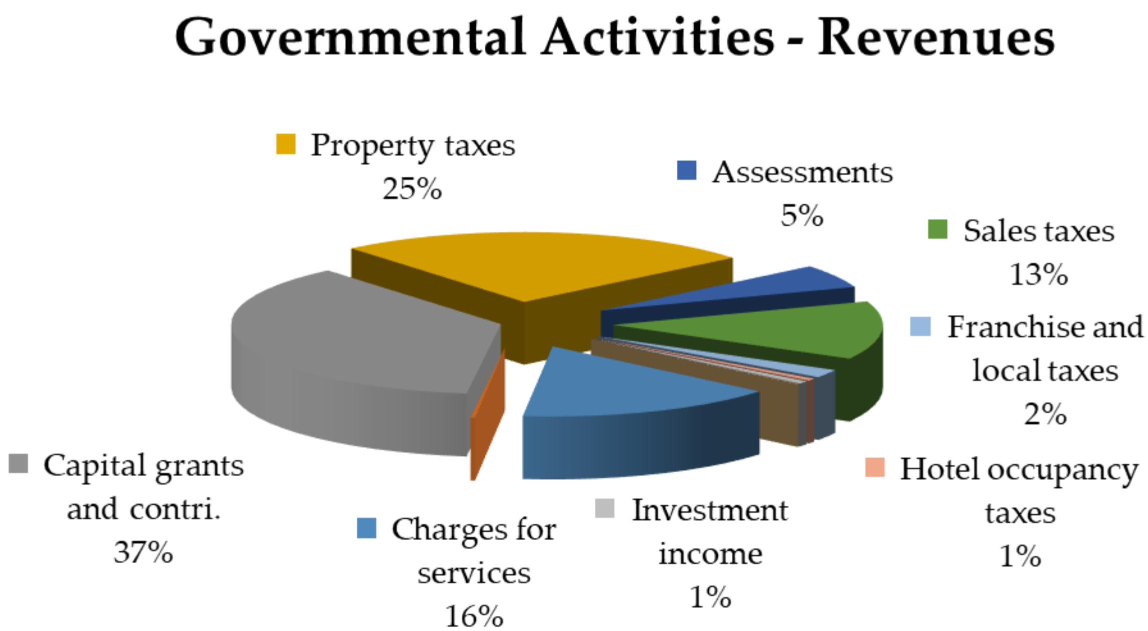
	2022			2021 (Restated)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Other assets	$ 131,706,220	$ 44,843,308	$ 176,549,528	$ 96,881,167	$ 35,562,571	$ 132,443,738
Capital assets, net	195,987,710	136,920,824	332,908,534	184,306,581	138,391,642	322,698,223
Total Assets	327,693,930	181,764,132	509,458,062	281,187,748	173,954,213	455,141,961
Total Deferred Outflows	936,912	562,999	1,499,911	1,008,363	560,567	1,568,930
Other liabilities	35,040,723	3,121,043	38,161,766	28,346,260	3,649,451	31,995,711
Long-term liabilities	133,381,292	132,441,576	265,822,868	108,494,805	135,419,615	243,914,420
Total Liabilities	168,422,015	135,562,619	303,984,634	136,841,065	139,069,066	275,910,131
Total Deferred Inflows	1,975,057	304,642	2,279,699	1,409,494	122,413	1,531,907
Net Position:						
Net investment in capital assets	52,635,206	5,777,765	58,412,971	59,409,615	9,955,633	69,365,248
Restricted	89,102,813	22,532,208	111,635,021	66,904,337	13,023,948	79,928,285
Unrestricted	16,495,751	18,149,897	34,645,648	17,631,600	12,343,720	29,975,320
Total Net Position	$ 158,233,770	$ 46,459,870	$ 204,693,640	$ 143,945,552	$ 35,323,301	$ 179,268,853

Other assets of the primary government increased primarily due to greater cash on hand, resulting from unspent governmental activities bond proceeds and operating surpluses as of yearend. Capital assets for governmental activities increased primarily due to developer capital contributions for infrastructure improvements and the City creating new public improvement districts during the year. Other liabilities of governmental activities increased primarily as a result of timing of vendor repayments subsequent to yearend and greater interest owed on debt in default. Long-term liabilities for governmental activities increased due to new debt issuances exceeding the current year principal payments.

Statement of Activities:

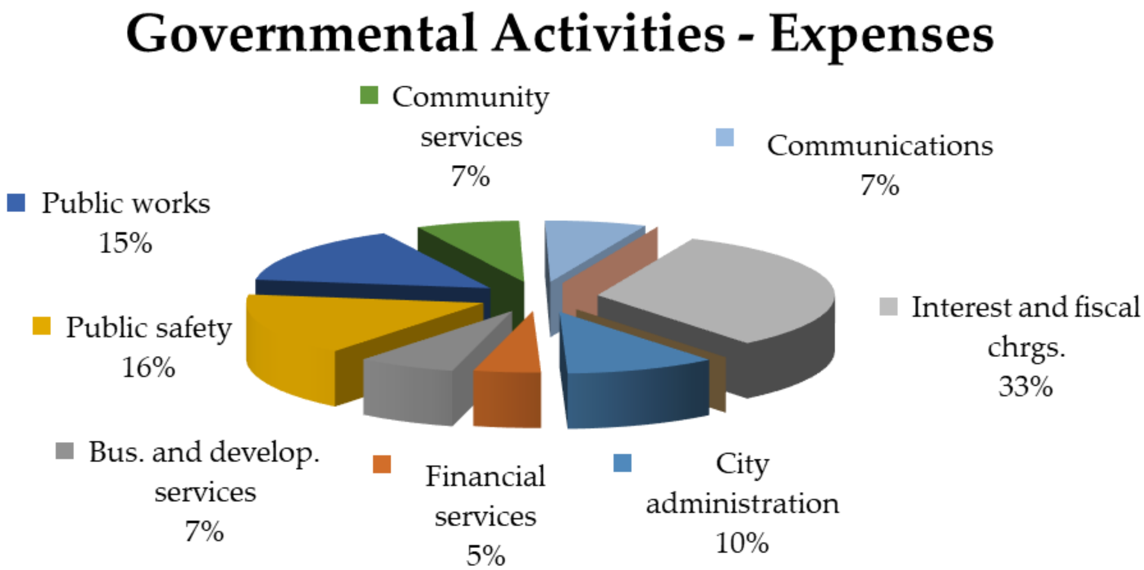
	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	(Restated) Governmental Activities	(Restated) Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 8,850,796	$ 32,069,560	$ 40,920,356	$ 6,196,963	$ 23,099,980	$ 29,296,943
Operating grants	151,057	-	151,057	175,209	-	175,209
Capital grants	21,187,911	-	21,187,911	56,729,027	15,211,309	71,940,336
Assessments	3,069,239	-	3,069,239	2,013,130	-	2,013,130
General revenues:						
Property taxes	14,256,130	-	14,256,130	12,479,205	-	12,479,205
Sales taxes	7,612,834	-	7,612,834	6,453,633	-	6,453,633
Hotel occupancy taxes	294,103	-	294,103	205,276	-	205,276
Franchise and local taxes	1,064,071	13,998	1,078,069	968,676	-	968,676
Investment income	371,818	105,078	476,896	21,099	5,784	26,883
Other revenues	26,289	-	26,289	419,719	-	419,719
Total Revenues	56,884,248	32,188,636	89,072,884	85,661,937	38,317,073	123,979,010
Expenses						
City administration	4,354,395	-	4,354,395	2,913,548	-	2,913,548
Financial services	1,474,925	-	1,474,925	1,656,692	-	1,656,692
Bus. and develop. services	2,187,716	-	2,187,716	3,916,405	-	3,916,405
Public safety	5,268,714	-	5,268,714	5,264,490	-	5,264,490
Public works	4,944,355	-	4,944,355	3,713,349	-	3,713,349
Community services	2,278,208	-	2,278,208	1,889,427	-	1,889,427
Communications	2,230,486	-	2,230,486	2,332,340	-	2,332,340
Loss on disposal of assets	-	-	-	826,948	-	826,948
Interest and fiscal chrgs.	10,493,876	4,362,315	14,856,191	7,780,253	4,670,645	12,450,898
Utility	-	14,579,194	14,579,194	-	11,417,265	11,417,265
Solid Waste	-	1,973,913	1,973,913	-	1,770,017	1,770,017
Total Expenses	33,232,675	20,915,422	54,148,097	30,293,452	17,857,927	48,151,379
Change in Net Position Before Transfers & Special Items	23,651,573	11,273,214	34,924,787	55,368,485	20,459,146	75,827,631
Transfers	136,645	(136,645)	-	(643,254)	643,254	-
Loss on court judgment	(9,500,000)	-	(9,500,000)	-	-	-
Total	(9,363,355)	(136,645)	(9,500,000)	(643,254)	643,254	-
Change in Net Position	14,288,218	11,136,569	25,424,787	54,725,231	21,102,400	75,827,631
Beginning Net Position	143,945,552	35,323,301	179,268,853	89,220,321	14,220,901	103,441,222
Ending Net Position	$ 158,233,770	$ 46,459,870	$ 204,693,640	$ 143,945,552	$ 35,323,301	$ 179,268,853

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



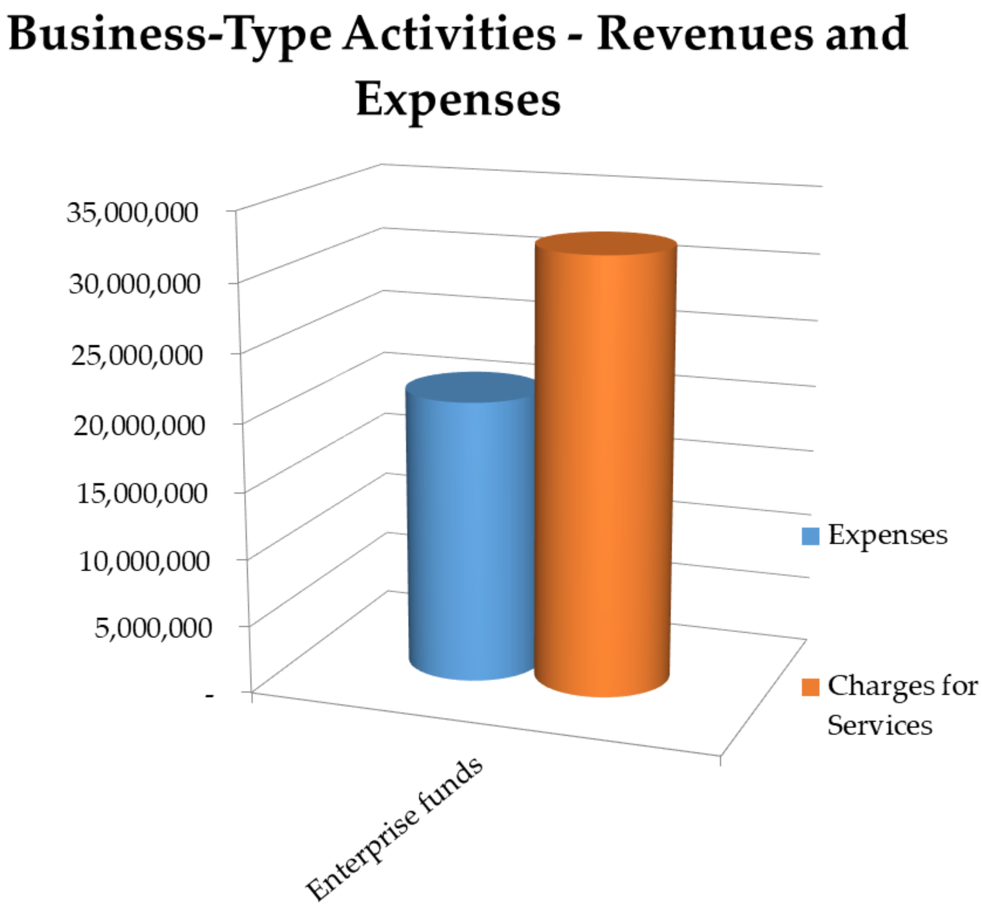
For the year ended September 30, 2022, revenues from governmental activities totaled $56,884,248. Capital grants and property taxes are the City's largest general revenue sources. Overall revenue decreased $28,777,689 or 34% compared to the prior year. Grants and contributions decreased by $35,565,268 primarily due to nonrecurring developer contributions received for street and drainage infrastructure improvements for the PID's. Charges for services increased by $2,653,833 or 43% primarily due to nonrecurring transportation impact fees, greater building and inspection permits, drainage fees, court collections, and park recreation program fees in the current year. Sales taxes and franchise taxes increased by $1,159,201 or 18% and $95,395 or 10%, respectively, due to economic growth fueled by greater local purchases. Assessment revenues increased by $1,056,109 or 52% primarily due to new assessments collected from the Durango Farms and Meadows at Cottonwood PIDs. Investment income increased by $350,719 or over 100% due primarily to the realization of higher interest rates and greater interest-bearing accounts. Other revenues decreased by $393,430 or 94% primarily due to nonrecurring miscellaneous income received in the prior year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2022, expenses for governmental activities totaled $33,232,675. This represents an increase of $2,939,223 or 10% from the prior year. The City's largest functional expense (excluding interest and fiscal charges) is public safety of $5,268,714, which remained consistent with the prior year. City administration expenses increased by $1,440,847 or 49%, primarily due to nonrecurring attorney services related to ongoing litigation with the former City Manager. Business and development services decreased by $1,728,689 or 44%, primarily due to nonrecurring litigation expenses recognized in the prior year related to ongoing litigation concerning the Preston Hollow PID loan. Public works expenses increased by $1,231,006 or 33% primarily as a result of the City outsourcing engineering services in the current year due to an increase in projects. During the current year, the City incurred significant engineering costs in order to prepare for multiple upcoming CIP projects. Community services increased by $388,781 or 21% primarily due to greater personnel costs, resulting from the City hiring a new park superintendent. In addition, greater seasonal wages were incurred for summer camp staff. The summer camp was not active in the prior year. Interest and fiscal charges increased by $2,713,623 or 35% primarily due to greater interest paid resulting from new debt issuances in the current year. All other expenses remained relatively consistent with the previous year.

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



For the year ended September 30, 2022, charges for services by business-type activities totaled $32,069,560. This is an increase of $8,969,580 or 39% from the previous year. The increase was primarily due to city growth, and utility consumption over the course of the year. In addition, the City earned greater water impact fees as a result of new developments and more building permits issued during the current year.

Total expenses increased $3,057,495 or 17%, to a total of $20,915,422, due primarily to greater personnel costs, engineering services, water purchases, general utility engineering services/studies, and annual depreciation compared to prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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, 2022, the City's governmental funds reported combined fund balances of $34,255,557, an increase of $14,754,994 in comparison with the prior year. 24% of this amount, $8,277,036, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, $11,991, or restricted for particular purposes, $25,966,530.

As of the end of the year the general fund reflected a total fund balance of $16,446,440. Of this, $11,991 is considered nonspendable and $16,434,449 is unassigned. The general fund balance increased by $6,516,796 compared to the budgeted increase of $719,098. The fund's increase was primarily due to greater taxes and licenses/permit revenue received compared to the prior year. In addition, transfers out to other funds decreased significantly from the prior year.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $16,434,449 is 86% of total general fund expenditures.

The debt service fund had an ending fund balance of $1,507,181 at September 30, 2022, an increase of $347,256. The increase was a result of greater property taxes and less debt service expenditures compared to the prior year.

The capital improvements projects fund had an ending fund deficit of $2,094,094, a decrease of $8,357,574. The decrease is primarily due to greater transfers out to other funds and capital expenditures compared to the prior year.

The River Creek LGC fund had an ending fund balance of $2,135,962, a decrease of $565,942. The decrease is a result of expenditures during the year.

The Cottonwood LGC fund reflected an ending fund deficit of $6,052,492, an increase of $3,412,857. This increase was due to a transfer of land from the capital improvements fund. The fund did not receive transfers in the prior year.

The Durango Farms PID fund reflected an ending fund balance of $2,492,870, an increase of $2,472,539. This increase was primarily a result of new debt issuances in the current year.

The Meadows at Cottonwood PID Fund reflected a fund balance of $4,390,644, an increase of $4,390,644. This fund was created in fiscal year 2022. The increase is a direct result of debt issuance proceeds and PID assessments exceeding current year expenditures.

Nonmajor governmental funds had a total ending fund balance of $15,429,046, an increase of $6,538,418. The increase was primarily due to greater revenues received in fiscal year 2022 compared to the prior 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 utility system and solid waste fund totaled $45,604,367 and $855,503, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to $18,149,897. Total net position increased $11,136,569. The funds had a total net investment in capital assets of $5,777,765.

The following are additional comments regarding operations of the enterprise funds:

- Total operational expenses excluding depreciation and amortization were $10,770,476.
- Total cash and cash equivalents in the enterprise funds was $37,110,723 at fiscal yearend.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments approved during the fiscal year. Total original budgeted expenditures increased by $551,301 compared to the final budget. The increase was primarily due to additional public safety expenditures anticipated during the year. Total original budgeted revenues increased by $105,000 when preparing the final budget. There was a positive variance of $2,805,352 for budgeted general fund revenues. The positive variance was primarily due to sales taxes and license/permit fees exceeding estimates.

The following are additional comments regarding appropriations:

- There was a total positive variance of $2,729,479 for budgeted expenditure appropriations. The variance was primarily due to actual capital outlay, public safety, and community services expenditures being less than that which was budgeted.
- $5,534,831 is the budget surplus of revenues over expenditures before other financing sources (uses).
- There was a total budget surplus after other financing sources (uses) of $5,797,698.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $195,987,710 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $136,580,099 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:

- Durango Farms PID improvements totaling $10,194,454.
- Emory Crossing PID improvements totaling $3,126,215.
- Improvements to FM 1660 totaling $1,117,773.
- Herrera Channel Trail stabilization for $339,779.
- Purchased 4 Ford Inceptors for $282,720.
- Leased vehicles totaling $433,570.
- Purchased three different plots of land on FM 1660 totaling $234,209.
- Lakeside Estates lift station abandonment project costs totaling $86,608.
- Purchased 2022 freightliner truck for $420,000.
- Live Oak Street water line improvements for $120,325.
- Shilo pump system construction costs for $621,668.
- HWY 79 distribution line improvements for $3,434,076.

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

LONG-TERM DEBT

At the end of the current fiscal year, the City had total debt obligations including premiums of $274,931,099. Of this amount, $123,912,521 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt other than the PID and LGC debts are backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Hutto and improving services provided to their citizens. The City budgeted for growth in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Hutto, Finance Services at 500 W. Live Oak St., Hutto, Texas 78634, or at 512-759-4834.

FINANCIAL STATEMENTS

City of Hutto, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 47,048,833	$ 33,161,992	$ 80,210,825
Restricted cash	-	3,948,731	3,948,731
Assessment receivables, current	624,257	-	624,257
Receivables, net	2,520,158	1,844,439	4,364,597
Internal balances	(5,817,670)	5,817,670	-
Due from component unit	112,948	-	112,948
Inventory	-	61,953	61,953
Prepaids and other assets	11,991	8,523	20,514
Land held for sale	23,457,509	-	23,457,509
Total Current Assets	67,958,026	44,843,308	112,801,334
Noncurrent assets:			
Net pension asset	2,208,889	340,725	2,549,614
Notes receivable, net	-	-	-
Lease receivable	-	-	-
Assessments receivable	61,539,305	-	61,539,305
Capital assets:			
Non-depreciable	62,782,720	10,105,006	72,887,726
Net depreciable capital assets	133,204,990	126,475,093	259,680,083
Noncurrent Assets	259,735,904	136,920,824	396,656,728
Total Assets	327,693,930	181,764,132	509,458,062
Deferred Outflows of Resources			
Pension outflows	658,613	101,589	760,202
OPEB outflows - TMRS	69,544	10,724	80,268
Deferred charge on refunding	208,755	450,686	659,441
Total Deferred Outflows of Resources	$ 936,912	$ 562,999	$ 1,499,911

Component Units	
	Hutto
TIRZ #1	EDC
$ 111,584	$ 3,990,549
-	-
-	-
-	774,944
-	-
-	-
-	-
-	-
-	-
111,584	4,765,493
-	-
-	-
-	43,589
-	-
-	8,871,466
-	-
-	8,915,055
111,584	13,680,548
-	-
-	-
-	-
$ -	$ -

City of Hutto, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 6,058,829	$ 1,860,348	$ 7,919,177
Due to primary government	-	-	-
Interest owed on debt in default	7,311,722	-	7,311,722
Accrued interest payable	2,137,212	746,471	2,883,683
Customer deposits	16,737	514,224	530,961
Compensated absences, current	254,481	43,359	297,840
Principal owed for debt in default	19,516,223	-	19,516,223
Long term debt due within one year	7,895,497	3,436,146	11,331,643
Total Current Liabilities	43,190,701	6,600,548	49,791,249
Noncurrent liabilities:			
Liability for court judgment	9,500,000	-	9,500,000
Compensated absences, noncurrent	28,276	4,818	33,094
Long-term debt due in more than one year	115,203,075	128,880,158	244,083,233
OPEB liability - TMRS	320,709	49,454	370,163
OPEB liability - Healthcare	179,254	27,641	206,895
Noncurrent Liabilities	125,231,314	128,962,071	254,193,385
Total Liabilities	168,422,015	135,562,619	303,984,634
Deferred Inflows of Resources			
Pension inflows	1,894,781	292,263	2,187,044
OPEB inflows - TMRS	342	53	395
OPEB inflows - Healthcare	79,934	12,326	92,260
Deferred inflows - leases	-	-	-
Total Deferred Inflows of Resources	1,975,057	304,642	2,279,699
Net Position			
Net investment in capital assets	52,635,206	5,777,765	58,412,971
Restricted for:			
Debt service	1,507,181	3,948,731	5,455,912
Economic development	1,510,196	-	1,510,196
Police and traffic safety	41,401	-	41,401
Municipal court	77,275	-	77,275
Grant activities	6,958,813	-	6,958,813
Capital projects	5,444,026	18,433,426	23,877,452
PID development and assessments	72,591,200	-	72,591,200
Pension	972,721	150,051	1,122,772
Unrestricted	16,495,751	18,149,897	34,645,648
Total Net Position	$ 158,233,770	$ 46,459,870	$ 204,693,640

See Notes to Financial Statements.

Component Units	
TIRZ #1	Hutto EDC
$ -	102,474
-	112,948
-	-
-	57,595
-	-
-	-
-	-
-	195,000
-	468,017
-	-
-	-
-	8,345,000
-	-
-	-
-	8,345,000
-	8,813,017
-	-
-	-
-	-
-	56,733
-	56,733
-	331,466
-	-
111,584	4,479,332
-	-
-	-
-	-
-	-
-	-
-	-
-	-
$ 111,584	$ 4,810,798

City of Hutto, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
City administration	$ 4,354,395	$ -	$ 151,057	$ -
Financial services	1,474,925	-	-	-
Business and development	2,187,716	-	-	-
Public safety	5,268,714	409,201	-	-
Public works	4,944,355	9,864,417	-	18,238,874
Community services	2,278,208	1,646,417	-	2,949,037
Communications	2,230,486	-	-	-
Interest and fiscal charges	10,493,876	-	-	-
Total Governmental Activities	33,232,675	11,920,035	151,057	21,187,911
Business-Type Activities				
Utility system	18,941,509	29,719,080	-	-
Solid waste	1,973,913	2,364,478	-	-
Total Business-Type Activities	20,915,422	32,083,558	-	-
Total Primary Government	$ 54,148,097	$ 44,003,593	$ 151,057	$ 21,187,911
Component Units				
TIRZ #1	$ 1,980	$ -	$ -	$ -
Hutto Economic Development Corporation	2,372,347	-	-	-
Total Component Units	$ 2,374,327	$ -	$ -	$ -

General Revenues, Transfers, & Special Items:

Taxes

Property taxes

Sales taxes

Other taxes

Franchise and local taxes

Investment income

Other revenues

Transfers

Special item - Loss on court judgment

Total General Revenues, Transfers, & Special Items

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 Units	
Governmental Activities	Business-Type Activities	Total	TIRZ #1	Hutto EDC
$ (4,203,338)	$ -	$ (4,203,338)	$ -	$ -
(1,474,925)	-	(1,474,925)	-	-
(2,187,716)	-	(2,187,716)	-	-
(4,859,513)	-	(4,859,513)	-	-
23,158,936	-	23,158,936	-	-
2,317,246	-	2,317,246	-	-
(2,230,486)	-	(2,230,486)	-	-
(10,493,876)	-	(10,493,876)	-	-
26,328	-	26,328	-	-
-	10,777,571	10,777,571	-	-
-	390,565	390,565	-	-
-	11,168,136	11,168,136	-	-
26,328	11,168,136	11,194,464	-	-
			(1,980)	-
			-	(2,372,347)
			$ (1,980)	$ (2,372,347)
14,256,130	-	14,256,130	-	-
7,612,834	-	7,612,834	-	2,712,489
294,103	-	294,103	-	-
1,064,071	-	1,064,071	-	-
371,818	105,078	476,896	557	21,986
26,289	-	26,289	71,873	527,621
136,645	(136,645)	-	-	-
(9,500,000)	-	(9,500,000)	-	-
14,261,890	(31,567)	14,230,323	72,430	3,262,096
14,288,218	11,136,569	25,424,787	70,450	889,749
143,945,552	35,323,301	179,268,853	41,134	3,921,049
$ 158,233,770	$ 46,459,870	$ 204,693,640	$ 111,584	$ 4,810,798

City of Hutto, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

	General	Debt Service	Capital Improvement Projects	River Creek LGC
Assets				
Cash and cash equivalents	$ 20,042,318	$ 1,564,023	$ -	$ 2,848,417
Taxes receivable, net	2,340,044	49,484	-	-
Accounts receivable, net	67,458	-	-	32,645,562
Due from component unit	112,948	-	-	-
Land held for sale	-	-	-	-
Prepaids	11,991	-	-	-
Total Assets	$ 22,574,759	$ 1,613,507	$ -	$ 35,493,979
Liabilities				
Accounts payable and accrued liabilities	$ 4,938,967	$ -	$ 35,202	$ 712,455
Customer deposits	16,737	-	-	-
Debt principal owed	-	-	-	-
Accrued interest owed	-	-	-	-
Due to other funds	1,045,993	58,247	2,058,892	-
Total Liabilities	6,001,697	58,247	2,094,094	712,455
Deferred Inflows of Resources				
Unavailable revenue -				
Property taxes	126,622	48,079	-	-
PID assessments	-	-	-	32,645,562
Total Deferred Inflows	126,622	48,079	-	32,645,562
Fund Balances				
Nonspendable for:				
Prepaids	$ 11,991	$ -	$ -	$ -
Restricted for:				
Debt service	-	1,507,181	-	-
Capital projects	-	-	-	-
Economic development	-	-	-	-
Police and traffic safety	-	-	-	-
Municipal court	-	-	-	-
Grant activities	-	-	-	-
PID development	-	-	-	2,135,962
Unassigned	16,434,449	-	(2,094,094)	-
Total Fund Balances	16,446,440	1,507,181	(2,094,094)	2,135,962
Total Liabilities, Deferred Inflows, and Fund Balances	$ 22,574,759	$ 1,613,507	$ -	$ 35,493,979

See Notes to Financial Statements.

Cottonwood LGC	Durango Farms PID	Meadows at Cottonwood PID	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 2,492,870	$ 4,437,506	$ 15,663,699	$ 47,048,833
-	-	-	63,172	2,452,700
-	13,129,000	9,944,000	6,445,000	62,231,020
-	-	-	-	112,948
23,457,509	-	-	-	23,457,509
-	-	-	-	11,991
$ 23,457,509	15,621,870	14,381,506	$ 22,171,871	$ 135,315,001
$ 27,518	-	46,862	$ 297,825	$ 6,058,829
-	-	-	-	16,737
19,516,223	-	-	-	19,516,223
7,311,722	-	-	-	7,311,722
2,654,538	-	-	-	5,817,670
29,510,001	-	46,862	297,825	38,721,181
-	-	-	-	174,701
-	13,129,000	9,944,000	6,445,000	62,163,562
-	13,129,000	9,944,000	6,445,000	62,338,263
$ -	-	-	$ -	$ 11,991
-	-		-	1,507,181
-	2,492,870	-	2,951,156	5,444,026
-	-	-	1,510,196	1,510,196
-	-	-	41,401	41,401
-	-	-	77,275	77,275
-	-	-	6,958,813	6,958,813
-	-	4,390,644	3,901,032	10,427,638
(6,052,492)	-	-	(10,827)	8,277,036
(6,052,492)	2,492,870	4,390,644	15,429,046	34,255,557
$ 23,457,509	15,621,870	14,381,506	$ 22,171,871	$ 135,315,001

CITY OF HUTTO

City of Hutto, Texas

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

September 30, 2022

Fund Balances - Total Governmental Funds	$	34,255,557
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		62,782,720
Capital assets - net depreciable		133,204,990
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		174,701
PID assessments		62,163,562
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net assets that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.		
Deferred charge on refunding		208,755
Pension outflows		658,613
Pension inflows		(1,894,781)
OPEB outflows - TMRS		69,544
OPEB inflows - TMRS		(342)
OPEB inflows - Healthcare		(79,934)
Some liabilities, including bonds payable, premiums, other long-term liabilities and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(2,137,212)
Bond premium and discount, net		(2,715,642)
Compensated absences		(282,757)
Liability for court judgment		(9,500,000)
Non-current liabilities due in one year		(7,895,497)
Non-current liabilities due in more than one year		(112,487,433)
Net pension asset (liability) - TMRS		2,208,889
OPEB liability - TMRS		(320,709)
OPEB liability - Healthcare		(179,254)
Net Position of Governmental Activities	$	158,233,770

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	General	Debt Service	Capital Improvement Projects	River Creek LGC
Revenues				
Property tax	$ 9,718,824	$ 4,441,617	$ -	$ -
Sales tax	7,612,834	-	-	-
Franchise and local taxes	1,020,444	-	-	-
Hotel occupancy taxes	-	-	-	-
Charges for services	844,333	-	-	-
License, permits and fees	5,165,750	-	-	-
Intergovernmental	151,057	-	-	-
Fines and forfeitures	375,520	-	-	-
Investment income	233,639	4,618	13,887	16,910
PID assessments	-	-	-	2,430,931
Grants and donations	-	-	-	-
Other revenue	127,849	-	4,145	10,672
Total Revenues	25,250,250	4,446,235	18,032	2,458,513
Expenditures				
Current:				
Administration	2,876,867	-	-	828,909
Communications	1,512,482	-	-	-
Financial services	1,554,948	-	-	2,000
Community services	1,590,577	-	-	-
Business and development	1,890,202	-	-	55,477
Public safety	6,085,094	-	-	-
Public works	2,403,423	-	-	-
Information technology	835,969	-	-	-
Debt Service:				
Principal	34,330	2,200,677	-	170,000
Interest and fiscal charges	6,424	1,888,802	-	1,968,069
Bond issuance costs	-	9,500	-	-
Capital outlay	356,005	-	1,355,799	-
Total Expenditures	19,146,321	4,098,979	1,355,799	3,024,455
Excess (Deficiency) of Revenues	$ 6,103,929	$ 347,256	$ (1,337,767)	$ (565,942)

Cottonwood LGC	Durango Farms PID	Meadows at Cottonwood PID	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 14,160,441
-	-	-	-	7,612,834
-	-	-	43,627	1,064,071
-	-	-	294,103	294,103
-	-	-	2,431,512	3,275,845
-	-	-	-	5,165,750
-	-	-	3,476,123	3,627,180
-	-	-	33,681	409,201
-	25,110	39,893	37,761	371,818
-	808,571	644,744	423,431	4,307,677
-	-	-	2,949,037	2,949,037
-	-	-	45,380	188,046
-	833,681	684,637	9,734,655	43,426,003
-	37,242	23,614	64,166	3,830,798
-	-	-	-	1,512,482
-	-	-	-	1,556,948
-	-	-	-	1,590,577
685,078	11,188	5,045	40,940	2,687,930
-	-	-	10,476	6,095,570
-	-	-	-	2,403,423
-	-	-	-	835,969
-	298,000	5,425,722	25,000	8,153,729
3,241,947	1,506,374	1,149,538	323,670	10,084,824
-	-	-	4,500	14,000
-	9,861,010	-	2,557,485	14,130,299
3,927,025	11,713,814	6,603,919	3,026,237	52,896,549
$ (3,927,025)	$ (10,880,133)	$ (5,919,282)	$ 6,708,418	$ (9,470,546)

City of Hutto, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	General	Debt Service	Capital Improvement Projects	River Creek LGC
Other Financing Sources (Uses)				
Debt issuance	$ -	$ -	$ -	$ -
Sale of capital assets	16,230	-	320,075	-
Discount on bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Lease related	433,570	-	-	-
Transfers in	170,000	-	-	-
Transfers (out)	(206,933)	-	(7,339,882)	-
Total Other Financing Sources (Uses)	412,867	-	(7,019,807)	-
Net Change in Fund Balances	6,516,796	347,256	(8,357,574)	(565,942)
Beginning fund balances	9,929,644	1,159,925	6,263,480	2,701,904
Ending Fund Balances	$ 16,446,440	$ 1,507,181	$ (2,094,094)	$ 2,135,962

See Notes to Financial Statements.

Cottonwood LGC	Durango Farms PID	Meadows at Cottonwood PID	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 13,427,000	$ 10,215,000	$ -	$ 23,642,000
-	-	-	-	336,305
-	(74,328)	-	-	(74,328)
-	-	94,926	-	94,926
-	-	-	-	433,570
7,339,882	-	-	-	7,509,882
-	-	-	(170,000)	(7,716,815)
7,339,882	13,352,672	10,309,926	(170,000)	24,225,540
3,412,857	2,472,539	4,390,644	6,538,418	14,754,994
(9,465,349)	20,331	-	8,890,628	19,500,563
$ (6,052,492)	$ 2,492,870	$ 4,390,644	$ 15,429,046	$ 34,255,557

CITY OF HUTTO

City of Hutto, Texas

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

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	$	14,754,994
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		15,317,016
Depreciation expense		(4,211,551)
Capital contributions		1,073,726
Adjustment for disposal of capital assets		(498,062)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		12,546,276
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		(18,018)
Accrued interest		(554,812)
Pension expense - TMRS		844,715
OPEB expense - TMRS		(23,050)
OPEB expense - Healthcare		(3,915)
Loss on court judgment		(9,500,000)
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.		
Bond issuance		(23,642,000)
Premium on current year bond issuances		(94,926)
Discount on current year bond issuances		74,328
Lease related issuances		(433,570)
Amortization of debt premium/discount		170,534
Amortization of deferred charge on refunding		(10,774)
Debt transferred to business-type activities		343,578
Principal payments on long-term debt		8,153,729
Change in Net Position of Governmental Activities	$	14,288,218

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities		
Assets	**Utility System**	**Solid Waste**	**Total**
Current Assets			
Cash and cash equivalents	$ 32,386,997	$ 774,995	$ 33,161,992
Restricted cash	3,948,731	-	3,948,731
Receivables, net	1,570,437	274,002	1,844,439
Due from other funds	5,817,670	-	5,817,670
Prepaids	8,523	-	8,523
Inventory	61,953	-	61,953
Total Current Assets	43,794,311	1,048,997	44,843,308
Noncurrent Assets			
Net pension asset	340,725	-	340,725
Capital assets:			
Non-depreciable	10,105,006	-	10,105,006
Net depreciable capital assets	126,475,093	-	126,475,093
Total Noncurrent Assets	136,920,824	-	136,920,824
Total Assets	180,715,135	1,048,997	181,764,132
Deferred Outflows of Resources			
Pension outflows	101,589	-	101,589
OPEB outflows - TMRS	10,724	-	10,724
Deferred charge on refunding	450,686	-	450,686
Total Deferred Outflows	562,999	-	562,999

City of Hutto, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities		
	Utility System	Solid Waste	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	$ 1,666,854	$ 193,494	$ 1,860,348
Accrued interest	746,471	-	746,471
Customer deposits	514,224	-	514,224
Compensated absences, current	43,359	-	43,359
Debt obligations, current	3,436,146	-	3,436,146
Total Current Liabilities	6,407,054	193,494	6,600,548
Noncurrent Liabilities			
Compensated absences, noncurrent	4,818	-	4,818
Debt obligations, noncurrent	128,880,158	-	128,880,158
OPEB liability - TMRS	49,454	-	49,454
OPEB liability - Healthcare	27,641	-	27,641
Total Noncurrent Liabilities	128,962,071	-	128,962,071
Total Liabilities	135,369,125	193,494	135,562,619
Deferred Inflows of Resources			
Pension inflows	292,263	-	292,263
OPEB inflows - TMRS	53	-	53
OPEB inflows - Healthcare	12,326	-	12,326
Total Deferred Inflows	304,642	-	304,642
Net Position			
Net investment in capital assets	5,777,765	-	5,777,765
Restricted for capital projects	18,433,426	-	18,433,426
Restricted for debt service	3,948,731	-	3,948,731
Restricted for pension	150,051	-	150,051
Unrestricted	17,294,394	855,503	18,149,897
Total Net Position	$ 45,604,367	$ 855,503	$ 46,459,870

See Notes to Financial Statements.

CITY OF HUTTO

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Business-Type Activities		
	Utility System	Solid Waste	Total
Operating Revenues			
Service charges	$ 14,637,892	$ 2,363,943	$ 17,001,835
Impact fees	13,534,211	-	13,534,211
Other revenues	1,546,977	535	1,547,512
Total Operating Revenues	29,719,080	2,364,478	32,083,558
Operating Expenses			
Personnel services	1,397,020	-	1,397,020
Contractual services	1,203,269	1,973,913	3,177,182
Water purchases	3,532,767	-	3,532,767
Materials and supplies	324,165	-	324,165
Repairs and maintenance	219,165	-	219,165
Depreciation	5,782,631	-	5,782,631
Other operating expenses	2,120,177	-	2,120,177
Total Operating Expenses	14,579,194	1,973,913	16,553,107
Operating Income (Loss)	15,139,886	390,565	15,530,451
Nonoperating Revenues (Expenses)			
Investment income	105,078	-	105,078
Interest expense	(4,379,439)	-	(4,379,439)
Gain on disposal of assets	17,124	-	17,124
Total Nonoperating Revenues (Expenses)	(4,257,237)	-	(4,257,237)
Income Before Transfers	10,882,649	390,565	11,273,214
Transfers in	206,933	-	206,933
Transfers (out)	(343,578)	-	(343,578)
Change in Net Position	10,746,004	390,565	11,136,569
Beginning net position	34,858,363	464,938	35,323,301
Ending Net Position	$ 45,604,367	$ 855,503	$ 46,459,870

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities		
	Utility System	Solid Waste	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 31,847,999	$ 2,302,462	$ 34,150,461
Payments to suppliers	(13,586,026)	(2,098,548)	(15,684,574)
Payments to employees	(1,496,878)	-	(1,496,878)
Net Cash Provided by Operating Activities	16,765,095	203,914	16,969,009
Cash Flows from Noncapital Financing Activities			
Transfers in	206,933	-	206,933
Net Cash Provided by Noncapital Financing Activities	206,933	-	206,933
Cash Flows from Capital and Related Financing Activities			
Capital purchases	(4,863,821)	-	(4,863,821)
Proceeds from sale of capital assets	954,256	-	954,256
Principal paid on debt	(3,040,963)	-	(3,040,963)
Interest paid on debt	(4,706,171)	-	(4,706,171)
Net Cash (Used for) Capital and Related Financing Activities	(11,656,699)	-	(11,656,699)
Cash Flows from Investing Activities			
Interest on investments	105,078	-	105,078
Net Cash Provided by Investing Activities	105,078	-	105,078
Net (Decrease) Increase in Cash and Cash Equivalents	5,420,407	203,914	5,624,321
Beginning cash and cash equivalents	26,966,590	571,081	27,537,671
Ending Cash and Cash Equivalents	$ 32,386,997	$ 774,995	$ 33,161,992

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities		
	Utility System	**Solid Waste**	**Total**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income	$ 15,139,886	$ 390,565	$ 15,530,451
Adjustments to reconcile operating income to net cash provided:			
Depreciation	5,782,631	-	5,782,631
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Restricted cash - debt service	2,023,577	-	2,023,577
Accounts receivable	47,217	(62,016)	(14,799)
Prepaids	(8,523)	-	(8,523)
Due from other funds	(5,759,423)	-	(5,759,423)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(449,592)	(124,635)	(574,227)
Customer deposits	58,125	-	58,125
Deferred outflows - OPEB TMRS	(3,893)	-	(3,893)
Deferred inflows - OPEB TMRS	53	-	53
Deferred outflows - pension liability	(41,684)	-	(41,684)
Deferred outflows - OPEB Healthcare	1,351	-	1,351
Deferred inflows - OPEB Healthcare	10,388	-	10,388
Deferred inflows - pension liability	171,788	-	171,788
OPEB liability - Healthcare	7,286	-	7,286
OPEB liability - TMRS	23,881	-	23,881
Net pension liability (asset)	(269,028)	-	(269,028)
Net Cash Provided (Used) by Operating Activities	$ 16,765,095	$ 203,914	$ 16,969,009

Schedule of Noncash Capital and Related Financing Activities:			
Debt transferred from governmental activities	$ 343,578	$ -	$ 343,578
Lease related issuances	44,399	-	44,399
Total	$ 387,977	$ -	$ 387,977

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

September 30, 2022

	Custodial Activities
	Municipal Utility Districts
Assets	
Cash and cash equivalents	$ 184,793
Total Assets	$ 184,793
Net Position	
Restricted for:	
MUD utility improvements	184,793
Total Net Position	$ 184,793

See Notes to Financial Statements.

City of Hutto, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended September 30, 2022

	Custodial Activities
	Municipal Utility Districts
Deductions	
Miscellaneous expenses	47
Total Deductions	47
Change in Net Position	(47)
Beginning net position	184,840
Ending Net Position	$ 184,793

See Notes to Financial Statements.

CITY OF HUTTO

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hutto, Texas (the "City"), a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas, was incorporated in 1911. The City operates under a council-manager form of government and, as authorized by its charter, provides the following services: police protection, construction and maintenance of highways, streets and other infrastructure, and sanitation.

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

Hutto Economic Development Corporation ("HEDC")

Hutto Economic Development Corporation Type B, dba Hutto Community Development Corporation ("HEDC") is a legally separate entity from the City. The HEDC was created for the purpose of promoting economic development within the City of Hutto, Texas. Directors of the HEDC are removable by the City Council of the City of Hutto at will. The overall economic development plan of the HEDC must be approved by the City Council of the City of Hutto, and the budget for each forthcoming fiscal year must be approved by the City Council of the City of Hutto.

Due to this component unit's financial accountability to the City, it is considered a component unit of the City. Since this component unit has a board of directors that is not substantively the same as City Council, and it does not serve the City government exclusively or almost exclusively, the HEDC has been included in the reporting entity as a discretely presented component unit. Separately issued audited financial statements are not available from the HEDC, but are included in the City's financial statements.

The Tax Increment and Reinvestment Zone ("TIRZ #1")

The Tax Increment Reinvestment Zone #1 covers the Co-Op District within Hutto in overseeing administration and financials, pursuant to the Tax Increment Financing Act. Directors of the TIRZ #1 are removable by the City Council of the City of Hutto at will. The overall economic development plan of the TIRZ #1 must be approved by the City Council of the City of Hutto, and the budget for each forthcoming fiscal year must be approved by the City Council of the City of Hutto.

Due to this component unit's financial accountability to the City, it is considered a component unit of the City. Since this component unit has a board of directors that is not substantively the same as City Council, and it does not serve the City government exclusively or almost exclusively, the TIRZ #1 has been included in the reporting entity as a discretely presented component unit. Separately issued audited financial statements are not available from the TIRZ #1, but are included in the City's financial statements.

Blended Presented Component Units

River Creek Local Government Corporation "(River Creek LGC")

River Creek LGC is a legally separate entity from the City. River Creek LGC was created for the purpose of promoting economic development within the City of Hutto, Texas. Directors of the Corporation are removable by the City Council of the City of Hutto at will, the overall economic development plan of the River Creek LGC must be approved by the City Council of the City of Hutto, and the budget for each forthcoming fiscal year must be approved by the City Council of the City of Hutto.

Due to this component unit's financial accountability and because this component unit serves the City government exclusively or almost exclusively for PID administration and oversight. Separate financial statements are not issued for this component unit.

Cottonwood Local Government Corporation (“Cottonwood LGC”)

Cottonwood LGC is a legally separate entity from the City. Cottonwood LGC was created for the purpose of promoting economic development within the City of Hutto, Texas. Directors of the Corporation are removable by the City Council of the City of Hutto at will, the overall economic development plan of the Cottonwood LGC must be approved by the City Council of the City of Hutto, and the budget for each forthcoming fiscal year must be approved by the City Council of the City of Hutto.

Due to this component unit's financial accountability and because this component unit serves the City government exclusively or almost exclusively for PID administration and oversight. Separate financial statements are not issued for this component unit.

C. Basis of Presentation - Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government’s funds, including its fiduciary funds and 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, hotel occupancy taxes, intergovernmental, licenses and permits, fines and forfeitures, and charges for services. Expenditures include city administration, financial services, business and development services, public safety, public works and engineering, communication, and community services.

Debt Service Fund

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

Capital Improvement Projects Fund

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

River Creek LGC Fund

The River Creek LGC accounts for financial resources in the public improvement districts dedicated to improvements and development of the City.

Cottonwood LGC Fund

The Cottonwood LGC fund accounts for activities related to PID #6, the Sports-Health District.

Durango Farms PID Fund

The Durango Farms PID fund accounts for activities related to the Durango Farms PID.

Meadows at Cottonwood PID Fund

The Meadows at Cottonwood PID fund accounts for activities related to the Meadows at Cottonwood PID.

The government reports the following major enterprise funds:

Utility System Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations maintenance, financing and related debt service, billing, and collection. All costs are financed through charges to utility customers.

Solid Waste Fund

This fund is used to account for garbage and recycling collection services provided to residents of the City.

Additionally, the City reports for the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

Fiduciary Funds

The City's custodial fiduciary fund is used to collect and distribute funds legally held by Municipal Utility Districts in the area.

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.

E. 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 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.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds use the economic resources measurement focus and utilize the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. An annual budget is not adopted for the police seizure fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to August 15, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.

- On or before September 30, the budget is legally adopted by the Council.

- The City Manager has the authority to transfer appropriation balances among programs within a department or organizational unit without approval of the City Council. The City Council must approve any revisions that alter the total expenditures of any fund. City Council must approve transfers of appropriations. Costs are monitored on an expenditure category level. The reported budgetary data has been revised for amendments authorized during the year.

- The City's legal level of budgetary control is at the department level, as City Council's approval is required for transfers between departments.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

G. Assets, Liabilities, and Fund Equity or Net Position

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

1. Concentrations of Credit Risk

The primary government maintains its cash balances at multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). As of year-end, collateral pledged and FDIC insurance exceeded bank balances.

2. Fair Value Measurement

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

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. 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. Delinquent accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.53% of outstanding property taxes as of September 30, 2022.

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). Inventories of supplies to be used internally are valued at cost using the first-in/first-out method. Inventories to be resold are valued at the lower of cost or market, and removed using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

Asset Description	Estimated Useful Life
Infrastructure	30 - 50 years
Buildings and improvements	10 - 50 years
Machinery and equipment	3 - 10 years

6. 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, grants, and hotel taxes. 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.

7. Net Position Flow Assumptions

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

8. 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.

9. 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.

The City's policy is to maintain a minimum 20% fund balance of the annual net budgeted operating expenditures in the general fund. This amount is reaffirmed annually during the City's budget process. The amount of minimum fund balance required within the unassigned general fund balance is $3,860,119 as of September 30, 2022 based on 20% of annual budgeted expenditures. The unassigned fund balance for the general fund at September 30, 2022 was $16,434,449.

In addition, the working capital in the utility system fund should be maintained at 20% of total operating expenses, which equals $2,915,839 as of yearend. Working capital in the utility system fund is $37,395,353 as of September 30, 2022.

10. 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, contractual and lease obligations.

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, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

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

11. 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.

12. 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 the Denison Firemen's Relief and Retirement Fund and additions to/deductions from the Fiduciary Net Position have been determined on the same basis as they are reported by pension funds. 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. The City uses the General Fund and Utility Systems Fund to liquidate pension liabilities.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the City of Hutto Retiree Health Care Plan. The retiree health care plan covers both active and retiree benefits with no segregation of assets, therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the plan is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the plan is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The retired employees can participate in the City's health care plan by paying the full amount of the premiums. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The City also has an OPEB liability for a supplemental death benefit associated with the TMRS pension that is accounted for according to GASB Statement No. 75.

14. Leases

Lessee: The City is a lessee for various noncancellable leases of vehicles. 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 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.

H. 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.

3. Compensated Absences

Full-time employees with between 1 and 5 years of service accumulate ten days (80 hours) per year for vacation or each continuous year of service. For employees with 5 or more years of service, fifteen days (120 hours) accrues each year. Vacation time that can be carried over is limited to 160 hours for less than 5 years of service and 200 hours for more than 5 years of service and every December 31st any excess is lost.

Accrued leave maximum varies depending on years of service, as follows:

- 5 years or less – 160 hours
- 5 years to 10 years or less – 200 hours
- Over 10 years – 240 hours

Sick leave benefits are earned by full-time employees at a rate of eight hours per month and may be accumulated with a limit of 1,040 hours. No payment is made for accumulated sick leave upon separation from service.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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 water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. An annual budget was not adopted for the transportation improvement, Cottonwood LGC, Meadow Brook PID, Liddel Walker PID, Estates of Hutto, ARPA grant or Meadows of Cottonwood PID funds. The legal level of control as defined by the City Charter is the department 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. Several supplemental budget amendments were made during the year.

A. Excess of Expenditures Over Appropriations

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

Budget overages:		
General fund:		
Administration	$	271,970
Business and development		27,555
Public works		806,137
Principal		34,330
Interest		6,424
Transfers (out)		206,933
Durang Farms PID		
Administration		7,242
Business and development		11,188
Principal		298,000
Interest and fiscal charges		1,506,374
Capital outlay		9,861,010
River Creek LGC:		
Development services		9,612
Administration		754,495
Interest		1,968,069
Debt Service Fund		
Principal		93,993

Budget overages *(continued)*:	
Capital Improvement Projects	
Capital outlay	855,799
Transfers (out)	7,339,882
Park Improvements	
Capital outlay	171,533
Police Seizure Fund	
Public safety	1,912
PEG Capital Fees Fund	
Administration	17,345

B. Deficit Fund Balance

As of September 30, 2022, the capital improvements fund, Cottonwood LGC fund, Estates of Hutto fund, the Liddel Walker PID, and the Meadow Brook PID fund had deficit fund balances of $2,094,094, $6,052,492, $4,374, $2,042, and $4,411, respectively. The deficits should be reduced or eliminated in the future when assets are sold and greater assessments are received and expenses are reduced.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.G.1., 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. As of September 30, 2022, the City's only investments were external investment pools and cash equivalent funds with maturities greater than three months.

The City had the following investments at year end:

Investment Type	Value	Weighted Weighted Average Maturity (Days)
External investment pools		
TexStar	$ 29,437,693	12
TexPool	20,511,538	25
TexasClass	7,481,335	31
Total	$ 57,430,566	
Portfolio weighted average maturity (days)		16

The Hutto EDC had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Days)
External investment pools		
TexPool	$ 3,801,952	25
Total	$ 3,801,952	
Portfolio weighted average maturity (days)		25

Interest rate risk – As a means of minimizing risk of loss due to interest rate fluctuation, the investment policy requires maturities that will not exceed the weighted average maturity of one year.

Credit risk – The City's investment policy limits the type of allowable investments to (1) collateralized bank certificates of deposit as per the City's depository contract, (2) direct obligations of the Federal government, (3) direct obligations of Federal agencies and instrumentalities, (4) investments in certificates of deposit at Federally insured banks or savingsand loan associations, (5) collateralized savings accounts at the City's depository banks, or (6)Texpool. The City's policy is more restrictive than present State Law. As of September 30, 2022, the City's investments consisted solely of external investment pools and cash equivalent funds.

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

Custodial credit risk – investments In compliance with the City's investment policy, as of September 30, 2022, the City minimized credit risk losses due to default of security issuer or backer by:

a. limiting investments to the safest rated securities. All the City's purchased investments in U.S. Agencies were rated AAA, AAAm, and Aaa by Standard & Poors, Fitch and Moody's, respectively.

b. using a registered investment advisor to provide investment and market advice

c. diversifying the investment portfolio so that potential losses on individual securities were minimized.

TexPool

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

TexSTAR

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

Texas CLASS

MBIA is a participant of the Texas CLASS program. Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch. There were no limitations or restrictions on withdrawals.

B. Receivables

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

	General	Debt Service	Utility System	Solid Waste	Total
Property taxes	$ 140,417	$ 53,274	$ -	$ -	$ 193,691
Other	838	-	-	29,485	30,323
Sales taxes	2,050,213	-	-	-	2,050,213
Franchise taxes	160,218	-	-	-	160,218
Accounts	67,817	-	1,798,616	249,933	2,116,366
Allowance	(12,001)	(3,790)	(228,179)	(5,416)	(249,386)
	$ 2,407,502	$ 49,484	$ 1,570,437	$ 274,002	$ 4,301,425

	River Creek LGC	Durango Farms	Meadows at Cottonwood	Nonmajor Governmental Funds	Total
Other taxes	$ -	$ -	$ -	$ 63,172	$ 63,172
PID assessments	32,645,562	13,129,000	9,944,000	6,445,000	62,163,562
	$ 32,645,562	$ 13,129,000	$ 9,944,000	$ 6,508,172	$ 62,226,734

2. The following comprise receivables balances of the City's discretely presented component unit at year end:

	Hutto EDC	Total
Sales tax	$ 750,209	$ 750,209
Notes receivable, net	4,167	4,167
Lease receivable	64,157	64,157
	$ 818,533	$ 818,533

3. The EDC is the lessor of a contract in which the EDC receives lease payments for farm land. The lease commenced on January 1, 2020, with a term of five years. Annual lease payments of $23,127 will be paid through January 1, 2025. As of September 30, 2022, the lease receivable and offsetting deferred inflows amounted to $64,157 and $56,733, respectively.

The annual principal and interest payments to be received are as follows:

Year ending	Component Unit Activities	
September 30,	Principal	Interest (4%)
2023	$ 20,568	$ 2,559
2024	21,389	1,739
2025	22,200	927
	$ 64,157	$ 5,225

Note Receivables

The City's discretely presented component unit, the Hutto EDC, issued notes receivable to local businesses as COVID-19 relief assistance. As of yearend, the outstanding note receivables balance was as follows:

Borrower	Beginning Balance	Additions	Collections	Ending Balance
The Hutto Smiths	$ 13,542	$ -	$ -	$ 13,542
JL3 Construction	13,542	-	-	13,542
Hippo Learning Station	13,542	-	-	13,542
Tiger Rock Martial Arts	13,542	-	-	13,542
Miss Natural Beauty Supply	10,833	-	-	10,833
Orange Fitness	16,667	-	(12,500)	4,167
D&C Pallets	19,791	-	-	19,791
Total Notes Receivable	$ 101,459	$ -	$ (12,500)	$ 88,959 *

* Offsetting allowance for uncollectible accounts totaling $84,791 has been recognized as of yearend. Net amount of notes receivable amounts to $4,167 as of September 30, 2022.

These notes are due in monthly installments of 24 months after the initial deferment period of 90 days after origination. The notes bear 0% interest.

The following is the maturity schedule for the principal balances owed to the EDC:

Fiscal Year	Principal Owed
2023	$ 4,167
Total Notes Receivable, net	$ 4,167

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 3,605,486	$ 234,209	$ -	$ 3,839,695
Construction in progress	44,395,163	14,833,745	(285,883)	58,943,025
Total capital assets not being depreciated	48,000,649	15,067,954	(285,883)	62,782,720
Capital assets, being depreciated:				
Buildings	40,454,066	330,796	-	40,784,862
Machinery and equipment	6,406,053	516,972	(594,117)	6,328,908
Infrastructure	126,533,679	41,450	-	126,575,129
Right to use assets	-	433,570	-	433,570
Total capital assets being depreciated	173,393,798	1,322,788	(594,117)	174,122,469
Less accumulated depreciation:				
Buildings	(6,265,768)	(1,423,313)	-	(7,689,081)
Machinery and equipment	(5,344,617)	(288,451)	381,938	(5,251,130)
Infrastructure	(25,477,481)	(2,413,073)	-	(27,890,554)
Right to use assets	-	(86,714)	-	(86,714)
Total accumulated depreciation	(37,087,866)	(4,211,551)	381,938	(40,917,479)
Net capital assets being depreciated	136,305,932	(2,888,763)	(212,179)	133,204,990
Total Capital Assets	$ 184,306,581	$ 12,179,191	$ (498,062)	$ 195,987,710

Depreciation was charged to governmental functions as follows:

City administration	$ 619,810
Business and development	780,505
Communications	11,194
Public safety	159,894
Public works	2,640,148
Total Governmental Activities Depreciation Expense	$ 4,211,551

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 4,651,119	$ -	$ -	$ 4,651,119
Construction in progress	3,637,276	4,277,006	(2,460,395)	5,453,887
Total capital assets not being depreciated	8,288,395	4,277,006	(2,460,395)	10,105,006
Capital assets, being depreciated:				
Buildings and improvements	2,990,145	-	-	2,990,145
Equipment	9,637,975	586,815	(593,238)	9,631,552
Distribution and collection systems	132,763,181	-	1,918,639	134,681,820
Intangible assets	33,856,539	-	-	33,856,539
Right to use assets	-	44,399	-	44,399
Total capital assets being depreciated	179,247,840	631,214	1,325,401	181,204,455
Less accumulated depreciation:				
Buildings and improvements	(1,622,542)	(126,945)	-	(1,749,487)
Equipment	(6,154,263)	(584,878)	197,862	(6,541,279)
Distribution and collection systems	(38,009,960)	(4,215,515)	-	(42,225,475)
Intangible assets	(3,357,828)	(846,413)	-	(4,204,241)
Right to use assets	-	(8,880)	-	(8,880)
Total accumulated depreciation	(49,144,593)	(5,782,631)	197,862	(54,729,362)
Net capital assets being depreciated	130,103,247	(5,151,417)	1,523,263	126,475,093
Total Capital Assets	$ 138,391,642	$ (874,411)	$ (937,132)	$ 136,580,099

Depreciation was charged to business-type functions as follows:

Utility system	$ 5,782,631
Total Business-Type Activities Depreciation Expense	$ 5,782,631

A summary of changes in component unit capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 8,871,466	$ -	$ -	$ 8,871,466
Total capital assets not being depreciated	8,871,466	-	-	8,871,466

Land Held for Sale

During the year ended September 30, 2020, the City purchased land for use in future development projects. All land purchased was related to the Sports Health District. These projects are no longer anticipated to move forward, and therefore the City plans to dispose of these properties.

The carrying value of the land is presented as land held for sale within the following governmental funds:

Fund	Property Description	Amount
Cottonwood LGC	71.72 acres	$ 6,690,002
Cottonwood LGC	5.9753 acres	649,880
		7,339,882
Cottonwood LGC	49.55 acres	$ 4,500,545
Cottonwood LGC	Tract three	3,392,311
Cottonwood LGC	Tract five	8,224,771
		16,117,627
	Total	$ 23,457,509

D. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and utility system funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 264,739	$ 256,284	$ (238,266)	$ 282,757	$ 254,481
Total Governmental Activities	$ 264,739	$ 256,284	$ (238,266)	$ 282,757	$ 254,481
Other Long-term Liabilities Due in More than One Year				$ 28,276	
Business-Type Activities:					
Compensated Absences	$ 48,177	$ -	$ -	$ 48,177	$ 43,359
Total Business-Type Activities	$ 48,177	$ -	$ -	$ 48,177	$ 43,359
Other Long-term Liabilities Due in More than One Year				$ 4,818	

E. Long-term Debt

The following is a summary of changes in the City's long-term liabilities for the year ended. In general, the City uses the debt service and general funds to liquidate governmental long-term liabilities, including the OPEB liability.

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:						
Bonds, notes and other payables:						
General Obligation Bonds	$ 40,668,321	$ -	$ -	$ (1,258,693)	$ 39,409,628	$ 1,373,850
Certificates of Obligation	12,721,078	-	(343,578)	(263,700)	12,113,800	316,050
Revenue Bonds	30,120,000	23,642,000	-	(664,000)	53,098,000	585,000
Limited Tax Notes	1,818,300	-	-	(584,250)	1,234,050	607,050
Notes payable	29,045,216	-	-	(194,034)	28,851,182	19,651,182
Due to developer	9,947,975	-	-	(5,154,722)	4,793,253	4,793,253
Premiums	3,078,103	94,926	-	(178,624)	2,994,405	-
Discounts	(212,525)	(74,328)	-	8,090	(278,763)	-
Other liabilities:						
Lease liabilities	-	433,570	-	(34,330)	399,240	85,335
Total Governmental Activities	$ 127,186,468	$ 24,096,168	$ (343,578)	$ (8,324,263)	$ 142,614,795	$ 27,411,720
Long-term liabilities due in more than one year					$ 115,203,075	
Business-Type Activities:						
Bonds, notes and other payables:						
General Obligation Bonds	$ 27,071,713	$ -	$ -	$ (1,596,342)	$ 25,475,371	$ 1,391,150
Certificates of Obligation	98,133,543	-	343,578	(970,921)	97,506,200	1,578,950
Limited Tax Notes	1,371,700	-	-	(440,750)	930,950	457,950
Premium	8,717,995	-	-	(356,220)	8,361,775	-
Notes payable	30,559	-	-	(30,559)	-	-
Other liabilities:						
Lease liabilities	-	44,399	-	(2,391)	42,008	8,096
Total Business-Type Activities	$ 135,325,510	$ 44,399	$ 343,578	$ (3,397,183)	$ 132,316,304	$ 3,436,146
Long-term liabilities due in more than one year					$ 128,880,158	

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance	Amounts Due within One Year
EDC Activities						
Revenue bonds	$ 8,730,000	$ -	$ -	$ (190,000)	$ 8,540,000	$ 195,000
Total Component Unit Activities	$ 8,730,000	$ -	$ -	$ (190,000)	$ 8,540,000	$ 195,000
				Long-term liabilities due in more than one year	$ 8,345,000	

The City periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The City periodically utilizes notes and leases to provide financing for general government purposes. In general, the City uses the debt service and utility system funds to liquidate long-term liabilities., with the exception of revenue bonds and other loans and notes payable by the City's LGCs and PIDs, which are fully covered by assessment receivables from the LGC and PID funds.

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 unless past due. 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 water and sewer fund. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
$3,765,000 General Obligation Refunding Bond, Series 2013, due in installments through 2029, interest at 1.50% to 3.00%	$ 1,238,450	$ 1,396,550	$ 2,635,000
$8,060,000 General Obligation Refunding Bond, Series 2015, due in installments through 2029, interest at 2.00% to 4.00%	801,500	4,923,500	5,725,000
$6,495,000 General Obligation Refunding Bond, Series 2016, due in installments through 2029, interest at 2.00% to 2.75%	5,515,000	-	5,515,000
$11,315,000 General Obligation Refunding Bond, Series 2018, due in installments through 2047, interest at 3.00% to 5.00%	-	10,740,000	10,740,000
$15,415,000 improvement bond, Series 2019A, due in installments through 2044, interest at 3.00% to 5.00%	15,155,000	-	15,155,000
$8,500,000 improvement bond, Series 2019B, due in installments through 2044, interest at 1.50% to 3.00%	8,365,000	-	8,365,000
$8,300,000 General Obligation Refunding Bond, Series 2020A, due in installments through 2034, interest at 1.1% to 4.00%	1,683,416	5,206,584	6,890,000
$10,330,000 General Obligation Refunding Bond, Series 2020B, due in installments through 2042, interest at 1.6% to 2.5%	6,651,262	3,208,737	9,859,999
Total General Obligation Bonds	$ 39,409,628	$ 25,475,371	$ 64,884,999
Certificates of Obligation:			
$5,625,000 Certificates of Obligation, Series 2013, due in installments through 2030, interest at 1.50% to 3.25%	$ 1,898,800	$ 2,141,200	$ 4,040,000
$21,740,000 Certificates of Obligation, Series 2014, due in installments through 2039, interest at .080% to 2.030%	-	16,630,000	16,630,000
$80,070,000 Certificates of Obligation, Series 2017, due in installments through 2057, interest at 2.25% to 5.00%	10,215,000	69,290,000	79,505,000
$9,445,000 Certificates of Obligation, Series 2019, due in installments through 2045, interest at 4.0%	-	9,445,000	9,445,000
Total Certificates of Obligation	$ 12,113,800	$ 97,506,200	$ 109,620,000

	Governmental Activities	Business - Type Activities	Total
*** Revenue Bonds:**			
$6,470,000 Emory Crossing Revenue Bonds, Series 2021, due in installments through 2056, interest at 2.625% to 4.00%	$ 6,445,000	$ -	$ 6,445,000
$17,400,000 Public Improvement Revenue Bonds, Series 2018, due in installments through 2053, interest at 6.25% to 6.30%	16,990,000	-	16,990,000
$6,600,000 Public Improvement Revenue Bonds, Series 2019, due in installments through 2052, interest at 5.75%	6,590,000	-	6,590,000
$10,215,000 Cottonwood Creek Assess. Revenue Bonds, Series 2021, due in installments through 2051, interest at 2.50% to 4.00%	9,944,000	-	9,944,000
$13,427,000 Durango Farms Assess. Revenue Bonds, Series 2021, due in installments through 2056, interest at 2.75% to 4.00%	13,129,000	-	13,129,000
Total Revenue Bonds	$ 53,098,000	$ -	$ 53,098,000
Limited Tax Notes:			
$5,655,000 Limited Tax Notes, Series 2017, due in installments through 2024, interest at 2.00% to 5.00%	$ 1,234,050	$ 930,950	$ 2,165,000
Total Limited Tax Notes	$ 1,234,050	$ 930,950	$ 2,165,000
Loans and Notes Payable:			
* $4,516,223 Promissory note for Cottonwood Development Corp. due on the earlier of July 22, 2020 or the date of the closing of the initial sale of the bonds issued by a PID or TIRZ to construct infrastructure on the land purchased with the note. Interest accrues at 12%. Loan in default	$ 4,516,223	-	4,516,223
* $15,000,000 loan payable for Cottonwood Development Corp. due on February 13, 2021, interest at 18%. Loan in default	15,000,000	-	15,000,000
* $9,455,000 loan payable to River Creek Development Corp. due in installments though 2054, interest at 5.5975%	9,305,000	-	9,305,000
* $9,947,975 debt to developer for Cottonwood Creek PID, due in installments through 2023, interest at 4.75%	4,793,253	-	4,793,253
$144,204 2019 note for vehicles due in annual installments through 2022, interest at 4.25%	29,959	-	29,959
Total Loans and Notes Payable	$ 33,644,435	$ -	$ 33,644,435
Lease Liabilities:			
$433,570 of various leases for vehicles, due in monthly installments through 2027, interest at 5.0%	$ 399,240	$ 42,008	$ 441,248
Total Lease Liabilities	$ 399,240	$ 42,008	$ 441,248

* These debts are secured by properties within the respective PID areas. No general City assets or revenues, outside of PID assets and property assessments, will be used to service these debts.

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

Governmental Activities

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2023	$ 1,373,850	$ 1,330,497	$ 316,050	$ 457,369
2024	1,410,650	1,294,235	325,750	449,500
2025	1,934,550	1,258,152	478,100	441,634
2026	1,994,700	1,193,209	500,450	419,634
2027	10,046,100	4,928,088	2,868,650	1,737,831
2028-2032	9,550,100	3,311,642	3,459,700	1,144,250
2033-2037	8,105,000	1,834,885	3,435,100	516,422
2038-2042	4,994,678	389,063	730,000	29,200
Total	$ 39,409,628	$ 15,539,771	$ 12,113,800	$ 5,195,840

Governmental Activities

Year ending	Revenue Bonds		Limited Tax Notes	
September 30,	Principal	Interest	Principal	Interest
2023	$ 585,000	$ 2,568,278	$ 607,050	$ 27,716
2024	798,000	2,550,301	627,000	6,270
2025	832,000	2,522,146	-	-
2026	861,000	2,487,123	-	-
2027	895,000	2,453,457	-	-
2028-2032	5,108,000	10,674,499	-	-
2033-2037	6,394,000	10,354,071	-	-
2038-2042	8,076,000	8,682,979	-	-
2043-2047	10,296,000	6,483,245	-	-
2048-2052	12,626,000	3,377,659	-	-
2053-2057	6,627,000	750,438	-	-
Total	$ 53,098,000	$ 52,904,196	$ 1,234,050	$ 33,986

Lease Liabilities

The annual requirements to amortize the primary government's lease liabilities outstanding at year end were as follows:

	Governmental Activities	
Year ending	Lease Liabilities	
September 30,	Principal	Interest
2023	$ 85,335	$ 18,024
2024	89,701	13,658
2025	94,291	9,069
2026	86,123	4,353
2027	43,790	780
Total	$ 399,240	$ 5,133

The carrying value of assets leased for governmental activities was $346,856 as of September 30, 2022.

Loans/Notes Payable

The annual requirements to amortize the primary government's loans/notes payable outstanding at year end were as follows:

Governmental Activities		
Year ending	Loans/Notes Payable	
September 30,	Principal	Interest
2023	$ 24,444,435	$ 5,261,812
2024	110,000	511,891
2025	115,000	505,594
2026	120,000	499,017
2027	130,000	492,020
2028-2032	750,000	2,341,434
2033-2037	985,000	2,100,602
2038-2042	1,300,000	1,782,804
2043-2047	1,710,000	1,363,551
2048-2052	2,275,000	809,538
2053-2057	1,705,000	146,794
Total	$ 33,644,435	$ 15,815,057

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

Business-Type Activities

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2023	$ 1,391,150	$ 810,432	$ 1,578,950	$ 3,791,808
2024	1,454,350	766,119	1,764,250	3,765,548
2025	1,500,450	720,902	2,271,900	3,734,233
2026	1,550,300	674,095	2,349,550	3,655,732
2027	8,548,900	2,501,691	13,096,550	16,960,794
2028 - 2032	5,119,900	1,410,547	15,290,300	14,755,238
2033 - 2037	2,420,000	916,294	16,669,900	12,286,029
2038 - 2042	2,870,000	448,319	16,885,000	9,017,500
2043 - 2047	620,321	24,000	10,730,000	5,879,500
2048 - 2052	-	-	13,705,000	2,913,750
2053 - 2057	-	-	3,164,800	160,265
Total	$ 25,475,371	$ 8,272,399	$ 97,506,200	$ 76,920,397

Business-Type Activities

Year ending	Limited Tax Notes	
September 30,	Principal	Interest
2023	$ 457,950	$ 20,909
2024	473,000	4,730
Total	$ 930,950	$ 25,639

Business-Type Activities

Year ending	Lease Liabilities	
September 30,	Principal	Interest
2023	$ 8,096	$ 1,916
2024	8,510	1,502
2025	8,946	1,067
2026	9,403	609
2027	7,053	146
Total	$ 42,008	$ 5,240

The carrying value of assets leased for business-type activities was $35,519 as of September 30, 2022.

The annual requirements to amortize the discretely presented component unit's debt outstanding at year ending were as follows:

Hutto EDC

Year ending September 30,	Sales Tax Revenue Bonds Principal	Sales Tax Revenue Bonds Interest
2023	$ 195,000	$ 353,248
2024	200,000	346,708
2025	205,000	339,834
2026	215,000	332,480
2027	220,000	324,523
2028 - 2032	1,250,000	1,485,191
2033 - 2037	1,530,000	1,204,966
2038 - 2042	1,880,000	854,792
2043 - 2047	2,320,000	417,606
2048	525,000	22,418
Total	$ 8,540,000	$ 5,681,766

F. Deferred Charge on Refunding

Deferred charges resulting from the issuance of the 2012, 2013, 2015, 2018, 2020A, and 2020B general obligation refunding bonds have been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities and business-type activity totaled $208,755 and $450,686, respectively. Current year amortization expense for governmental activities and business-type activities totaled $10,774 and $41,794, respectively.

G. Interfund Transfers

Transfers between the primary government funds during the 2022 year were as follows:

	Transfers Out				
Transfers In	**General**	**Capital Improvements**	**Nonmajor Governmental**	**Utility System**	**Total**
General	$ -	$ -	$ 170,000	$ -	$ 170,000
Cottonwood LGC	-	7,339,882	-	-	7,339,882
Governmental activities	-	-	-	343,578	343,578
Utility system	206,933	-	-	-	206,933
Total	$ 206,933	$ 7,339,882	$ 170,000	$ 343,578 *	$ 8,060,393

* Represents debt transferred from governmental activities to business-type activities.

Other amounts transferred between funds relate to amounts collected by governmental and enterprise funds for various administrative/overhead expenses, capital expenditures and debt payments.

The compositions of interfund balances as of year end were as follows:

Due to (Payable fund):	**Due from (Receivable fund): Utility System**	**Total**
General	$ 1,045,993	$ 1,045,993
Debt service	58,247	58,247
Capital improvements	2,058,892	2,058,892
Cottonwood LGC	2,654,538	2,654,538
	$ 5,817,670	$ 5,817,670

The purpose of interfund receivables and payables is to loan cash between funds. All due to/from balances are expected to be settled within the next year. As of yearend, the EDC owed the general fund $112,948.

H. Restricted Net Position / Fund Balance

The City records restricted net position / fund balance to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted, committed, and assigned fund balance of the City:

	Governmental Funds	Governmental Net Position	Business Type Net Position
Restricted for:			
Debt service	$ 1,507,181	$ 1,507,181	$ 3,948,731
Capital projects	5,444,026	5,444,026	18,433,426
Economic development	1,510,196	1,510,196	-
* Public safety	41,401	41,401	-
* Municipal court	77,275	77,275	-
* Grant activities	6,958,813	6,958,813	-
PID development and assessments	10,427,638	72,591,200	-
Pensions	-	972,721	150,051
Total Restricted	$ 25,966,530	$ 89,102,813	$ 22,532,208

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

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

B. Commitments and Contingent Liabilities

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

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.
Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded 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.

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 its Basic Financial Statements.

1. Long-Term Agreements

The City has the following long-term agreements which represent significant commitments:

City of Taylor - The City entered into a long-term water supply agreement on September 24, 2002 with the City of Taylor to provide treated water for 40 years. The City is required to pay for a minimum of 175,000 gallons per day and may demand up to 300,000 gallons per day at the negotiated price of $4.30 per 1,000 gallons, plus 5% management fee. For the fiscal year ended September 30, 2022, the City's cost under this contract was $382,517.

Manville Water Supply Corporation - On May 1, 2003, the city entered into a long-term water supply agreement with Manville to provide treated water to Hutto for 40 years. The contract was renegotiated in August 2019. Under the current terms, the City is required to pay for a minimum of 200,000 gallons per day at $3.50 per gallon up to 600,000 gallons. There is a surcharge of 20% between 600,000 gallons and 800,000 gallons. For the fiscal year ended September 30, 2022, the City's cost under this contract was $499,584.

East Williamson County Higher Education Center - During 2012, the City of Hutto began funding the interlocal agreement with the East Williamson County Higher Education Center in the amount of $125,000 each year for twenty-five years.

2. Specific Current Litigation for Disclosure

River Creek Development Corporation and City of Hutto, Texas v. Paxton, Attorney General of Texas, et. al., Cause No. 21-0759-C425; In the Judicial District of Williamson County; 425th Judicial District.

On May 28, 2021, River Creek Development Corporation and the City of Hutto filed its Verified Original Petition and Application for Temporary Restraining Order, Temporary Injunction and Permanent Injunction. The Defendants were the Attorney General of Texas (“AG”), Preston Hollow Capital, LLC (“PHC”), 79 HCD Development, LLC (“HCD”), Wisconsin Public Finance Authority (“PFA”) and U.S. Bank National Association (“USBN”) (collectively, “Defendants”). Hutto and River Creek alleged that the financing of a loan and issuance of bond which involved all the Defendants except the AG was contrary to the

Texas statutes, particularly the Public Improvement District Act. The central question was whether a bond issuance could take place with regard to River Creek without Attorney General approval. Hutto and River Creek sought by Court declaration to clarify the standing of the financing and the parties' rights under the statutes. The AG had issued an opinion, Tex. Att'y Gen. Op. No. KP-0366, which appears critical of the financing mechanism used for certain finance transactions, particularly the use of an out-of-state issuer. The AG was subsequently dropped as a Defendant in the suit. The Plaintiffs' request for a temporary injunction was denied. On October 5, 2021, the Court issued an order granting a Motion for Summary Judgment by PHC, ruling that the loan transaction was valid and enforceable, that the bond series need not have been submitted to the AG for review, that an interlocal agreement affecting the financing was lawfully entered into, that the Plaintiffs' application for permanent injunction was denied with prejudice and that PHC was to be awarded its reasonable attorneys' fees. The Court issued its Final Judgment for PHC on December 9, 2021, referring to its earlier order, and awarded PHC $289,588 in reasonable attorneys' fees and expenses, $75,000 in contingent appellate fees with $50,000 being for an appeal to the Texas Court of Appeals and $25,000 to the Texas Supreme Court, and with 5% interest per year from date of final judgment until payment. At this juncture, it appears likely that the City of Hutto and River Creek Development Corporation will appeal the final judgment.

The loss capable of assessment in this matter relates to the attorneys' fees awarded to PHC in this case, plus proposed attorney's fees and expenses of other Defendants, which total $337,555 (and include contingent appellate fees in the case of one Defendant – Public Finance Authority) for an overall total of $702,143 (subject to contest by River Creek). Due to the judgment awarded, this amount has been accrued for as of September 30, 2022.

Odis Jones v. City of Hutto

Odis Jones, a former City Manager of the City, filed suit against the City and two of its City Councilmembers and then City Manager, alleging a federal claim of race discrimination under 42 U.S.C. section 1981 (through section 1983) in the making and enforcement of contracts, breach of an employment agreement and a separation agreement, and multiple state tort claims, including defamation, tortious interference with existing contracts and prospective business relationships, and intentional infliction of emotional distress. On February 16, 2023, the court granted summary judgment in favor of Plaintiff's request for a declaratory judgment, declaring that the Employment Agreement, Separation Agreement, and Consulting Agreement were valid, enforceable contracts as a matter of law.

On February 27, 2023, the court called the above-styled and numbered cause for trial on all live claims alleged by Plaintiff against Defendant and the case proceeded with a jury of eight legally qualified jurors. On March 2, 2023, the jury returned its verdict in favor of the Plaintiff. Accordingly, the court renders the following Final Judgment pursuant to Federal Rule of Civil Procedure 58.

Plaintiff is entitled to recover the following compensatory damages, awarded by the jury in their verdict from Defendant:

1. Racial Discrimination (42 U.S.C. § 1981) – Damages proximately caused by the City of Hutto's denial of Jones's right - $8,000,000.

2. Breach of Contract – Damages resulting from the City of Hutto's failure to comply with the Separation Agreement - $4,500,000.

The Court entered a final judgment on this lawsuit against the City for $12,500,000 based on the jury's verdict. The City has an insurance policy that will cover $3,000,000, so the City's net exposure is $9,500,000.

After this judgment the City filed a post-trial motion asking the court to set aside the jury's verdict and related judgment, and raised points of order in attempt to have the case dismissed or the City be provided with a new trial. If the post-trial motion fails the City plans to appeal the judgment to the 5th circuit court of appeals, and then to the US Supreme Court if necessary. This process will likely take years to complete unless they are victorious, and the plaintiff doesn't appeal that ruling. Due to the long-term nature of this liability, it is not recorded at the fund level, but is recorded at the government-wide level as a special item.

Legacy Hutto, LLC v. City of Hutto, Texas

In the summer of 2020, a developer, Legacy Hutto ("Legacy"), brought a lawsuit against the City for breach of contract and related claims concerning an economic development project, which remains uncompleted. The City and its officials generally denied Legacy's allegations, raised contracting defects and asserted immunity from suit and liability as to Legacy's claims.

The case was dismissed in favor of the City. In the dismissal order, the court appears to give Legacy another chance to plead its case. Both sides appealed the court's judgment. A primary issue was whether the judgment was final, closing off the opportunity for Legacy to replead (a repleading which could include Legacy's new claim based on quantum meruit). On May 4, 2021, the appellate case was transferred by the Texas Supreme Court from the Third Court of Appeals in Austin to the Seventh Court of Appeals in Amarillo. On January 19, 2022, the Amarillo Court of Appeals informed the parties that the case would be submitted to the Court without oral argument on February 9, 2022.

The Court of Appeals' opinion and its holdings were issued as City of Hutto, et. al v. Legacy Hutto, LLC, 2022WL 2811856, No. 07-21-00089-CV (Tex. App. – Amarillo July 18, 2022, pet. and cross-pet. pending). The opinion was in favor of the City, although the City did not prevail on every contention. The Court ruled that the contractor's failure to comply with section 2252.908 of the Tex. Gov't Code resulted in the contract not having been "properly executed;" thus there was no waiver of the City's immunity under Tex. Local Gov't Code section 271.152. The Court of Appeals declined both sides' motions for rehearing and requests for en banc consideration. Legacy filed a petition for review with the Texas Supreme Court, Cause No. 22-097. On December 7, 2022, the City filed a conditional cross-petition for review with the Texas Supreme Court on the issues of: (1) A procedural objection by Legacy to a matter that Hutto raised for the first time on appeal, based on Texas Rule of Civil Procedure 93; (2) A clause within Rule 93 creating an exception to the procedural verification requirement pointed to by Legacy; and (3) An objection by the City to the trial court permitting Legacy to re-plead (including its quantum meruit claim) when it lacked jurisdiction to do so (and equivalently, the appellate court's opining on that matter when it likewise lacked jurisdiction).

Legacy filed its Response to the City's Petition for Review on February 27, 2023, and the City filed its Reply in support of its Petition for Review on March 29, 2023. Additionally, the City filed its Response to Legacy's Petition for Review on December 19, 2022, and Legacy filed its Reply in support of its Petition for Review on January 27, 2023. The filings expressed the above-described arguments. The parties await a determination by the Supreme Court of Texas.

It is the City's opinion that the possibility of an unfavorable outcome is unlikely, particularly given the primarily favorable outcome in the Seventh Court of Appeals. Any estimate of loss is speculative at this juncture, but could range from $0 - $1,000,000.

Cottonwood Development Corporation v. Longhorn Title Company and Hutto Highway 79, LLC and (b) Third Court of Appeals No. 03-22-00735-CV, Cottonwood Development Corporation ("CDC") v Preston Hollow Capital, LLC, PHCC, LLC and Winstead PC

On February 4, 2021 the registered agent for CDC was served notice that Longhorn Title Company ("Longhorn") filed an interpleader to deposit approximately $2.5 million remaining in escrow for the past year (from the incomplete closing of the purported loan which formed the basis of the PHC litigation matter referenced above in #2) into the Court Registry so the court may allocate it as it deems just and sought its attorney's fees be paid out of the escrow funds for the filing of the interpleader. CDC counterclaimed against Longhorn for the amount of $60,000 that CDC alleged was wrongfully converted and distributed to PHC's attorneys ("Winstead"), who had performed work on the purported loan referenced above.

The CDC also filed a third-party claim against the Winstead who were in receipt of the $60,000 for return of those funds. The CDC subsequently filed third party claims against PHC primarily for a declaration that that the loan agreement ("Loan Agreement") was void, or alternatively, that PHC was in breach of the Loan Agreement and for an injunction for PHC to remove any encumbrances on the properties involved in the loan transaction. CDC also made a third-party claim against Hutto Highway 79, LLC, an entity that was a party to a land sale involved in the loan transaction, primarily to declare the sale of land void and for return of sale monies to CDC. PHC then filed a crossclaim against CDC and Longhorn for a declaration that it was the rightful owner of the funds held in escrow and for the return of such funds. PHC followed up its crossclaim with its Amended Motion for Summary Judgment. Winstead also filed a Motion for Summary Judgment, primarily arguing it should be dismissed on the grounds of attorney immunity. As to PHC's claim regarding the escrowed funds, CDC maintained that this subject matter was or could have been litigated in the federal court litigation brought by PHC (discussed above), and thus was barred by the doctrine of res judicata. After a hearing, on November 1, 2021, the Court awarded judgment to PHC on its crossclaim, entered a declaration that PHC was the lawful owner of the escrowed funds, ordered Longhorn to release said funds to PHC, awarded PHC reasonable attorneys' fees and costs of suit and directed PHC to present evidence of its attorneys' fees and costs, which it has done. The court further ordered that if it awards Longhorn fees and expenses out of the escrowed funds, then CDC shall be taxed those costs. The order did not constitute a final judgment and litigation continued concerning the Loan Agreement and the amount of approximately $12.5 million lent to CDC and which was possessed by CDC, and not held in escrow. On December 13, 2021, CDC filed its Motion to Reconsider the summary judgment granted in favor of PHC, on the basis of res judicata. Then after the U.S. Court of Appeals for the Fifth Circuit issued it opinion in PHC v. CDC; City of Hutto in the federal lawsuit brought by PHC, CDC filed a brief in support of its Motion to Reconsider, attaching the federal appellate opinion as an exhibit to the brief. The court, however, denied the Motion to Reconsider on March 14, 2022.

On January 19, 2022, the district court granted Longhorn's Motion for Summary Judgment, dismissing all of CDC's claims against Longhorn with prejudice. CDC filed a Motion to Modify this Order because the only claim that had been addressed in Longhorn's Motion for Summary Judgment was that of conversion, contending the other claims had not been addressed. CDC's Motion to Modify being unopposed by Longhorn, the Motion to Modify, narrowing the court's order, was granted on April 26, 2022.

On April 20, 2022, PHC (and as intervenor its affiliate PHCC to which PHC had allegedly transferred its interest, the two entities jointly referred to as "PHC") filed its Motion for Summary Judgment. CDC moved to strike PHCC's intervention, which was denied. CDC responded to PHC's Motion for Summary Judgment and filed its own Plea in Bar and Motion for Summary Judgement (the Plea in Bar segment arguing the res judicata issue described above) on May 12, 2022. Responses and replies ensued. After hearing argument, the court granted PHC's Motion for Summary Judgment and dismissed with prejudice CDC's claims against PHC (and also those against Hutto Highway 79, LLC whose interests in a tract of land were included in CDC's claims) by its Order of August 18, 2022.

On August 19, 2022, CDC filed a motion to sever the claims against PHC and Winstead into a separate cause of action (see numbers one and two in caption of this section) in that those matters had been fully heard and might be fully adjudged apart from claims against the other parties. Such a severance procedure made the cases against PHC and Winstead appealable, without having to wait for trial and final trial court resolution on the other matters. In any event, Longhorn filed its No-Evidence Motion for Summary Judgment on September 16, 2022, to which CDC responded. On November 9, 2022, the court signed its Order "Final Judgment and Order of Foreclosure" in favor of PHC (this order was not filed until November 14, 2022) incorporating prior orders in favor of PHC. It also dismissed CDC's claims against PHC with prejudice. On November 10, 2022, with affected parties concurring, the court granted CDC's Motion to Sever.

This matter transitioned into two separate cases, both currently under appeal, with appellant CDC's briefs to be filed in April 2023, and appellee briefs thirty days thereafter. Any estimate of ultimate loss is speculative at this juncture. The district court's judgments are in favor of CDC' s litigation opponents (which may be entirely reversed), however, represent the current state of these cases.

In its Final Judgment and Order of Foreclosure, the court found that CDC was liable to PHC under terms of their contracting and presented a figure of $18,476,927.26 accrued through September 12, 2022, before calculation of different sources of interest accrual on distinct sums and addition of any contingent appellate fees. Interest continued to accrue until the judgment debt is resolved. The Court, however, noted that this award made PHC's crossclaims for equitable relief moot. The debt and accrued interest related to this are accrued for with interest ongoing until paid by the CDC.

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third-party administrator, ICMA, administers contributions to the plan. In compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

D. Defined Benefit Pension Plans

1. <u>Texas Municipal Retirement Systems</u>

<u>Plan Description</u>

The City of Hutto participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement

System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available 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 2021	Plan Year 2020
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	192
Active employees	109
Total	335

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 Hutto were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hutto were 11.72% and 12.17% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were $1,003,255, and were $10,256 less than the required contributions.

Net Pension Liability (Asset)

The city's Net Pension Liability (Asset) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

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

Discount Rate:

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

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 1,533,718	$ (2,549,614)	$ (5,773,105)

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/20	$ 19,879,719	$ 20,776,173	$ (896,454)
Changes for the year:			
Service Cost	1,503,908	-	1,503,908
Interest	1,380,256	-	1,380,256
Difference between expected and actual experience	(303,664)	-	(303,664)
Changes of assumptions	-	-	-
Contributions – employer	-	970,957	(970,957)
Contributions – employee	-	558,480	(558,480)
Net investment income	-	2,716,669	(2,716,669)
Benefit payments, including refunds of emp. contributions	(366,864)	(366,864)	-
Administrative expense	-	(12,532)	12,532
Other changes	-	86	(86)
Net changes	2,213,636	3,866,796	(1,653,160)
Balance at 12/31/21	$ 22,093,355	$ 24,642,969	$ (2,549,614)

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, 2022, the City recognized pension expense of $18,330.

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

	Deferred Outflows of Resources		Deferred (Inflows) of Resources	
Contributions subsequent to the measurement date	$	719,336	$	-
Difference in experience		-		(803,915)
Changes in actuarial assumptions		40,866		-
Pension investment earnings		-		(1,383,129)
Total	$	760,202	$	(2,187,044)

The City reported $719,336 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2022	$	(701,894)
2023		(763,038)
2024		(418,399)
2025		(262,847)
2026		-
Thereafter		-
Total	$	(2,146,178)

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the

12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	35
Active employees	109
Total	177

The City's contributions to the TMRS SDBF for the years ended 2022 and 2021 were $2,325, $1,358, respectively, which equaled the required contributions each year.

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.01%	0.01%	100.0%
2021	0.02%	0.02%	100.0%
2022	0.03%	0.03%	100.0%

Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

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

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

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

1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
$ 479,645	$ 370,163	$ 290,624

Changes in the Total OPEB Liability:

		Total OPEB Liability
Balance at 12/31/20	$	337,283
Changes for the year:		
Service Cost		20,744
Interest		6,937
Difference between expected and actual experience		(7,715)
Changes of assumptions		14,510
Benefit payments		(1,596)
Net changes		32,880
Balance at 12/31/21	$	370,163

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

For the year ended September 30, 2022, the City recognized OPEB expense of $45,962.

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

		Deferred Outflows of Resources		Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	$	1,842	$	-
Difference in experience		-		(395)
Changes in actuarial assumptions		78,426		-
Pension investment earnings		-		-
Total	$	80,268	$	(395)

The City reported $1,842 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

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

Year ended December 31:		
2022	$	18,281
2023		18,048
2024		16,243
2025		18,752
2026		6,707
Thereafter		-
Total	$	78,031

E. Other Post-Employment Benefits - Healthcare

Plan Description

The City of Hutto Retiree Health Care Plan is a single-employer defined benefit healthcare plan administered by the City of Hutto and covers retired employees of the City and, if selected, their dependent. The net position of the Plan is reported within the City of Hutto Annual Financial Report as Fiduciary Net Position. This plan provides the following retiree insurance:

Benefits Provided

In addition to providing pension benefits through the Texas Municipal Retirement System, the City has opted to provide eligible retired employees with the following post-employment benefits:

- For employees retiring and receiving annuities from the Texas Municipal Retirement System who are (1) at least 60 and have completed five consecutive years of active service with the city immediately prior to retirement, or (2) at any age have completed 20 consecutive years of active service with the City immediately prior to retirement. Coverage for medical benefits is provided from the date of retirement, for the balance of the retiree's life, and is contingent on the payment of the retiree's premium.

- For retirees under the age of 65, the retiree will pay 100% of the retiree premium for medical coverage. If dependent coverage is selected, the retiree is responsible for 100% of the dependent coverage premium.

- For retirees over the age of 65, the retiree is responsible for 100% of the fully-insured Medicare supplement plan. There is no GASB 75 liability associated with post-65 coverage.

- The City does not subsidize, directly or indirectly, the cost of dental, vision, or life insurance benefits.

Employees covered by benefit terms

At the September 30, 2022 valuation and measurement date (the most recent available), the 2022 following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees & family members	106
Total	106

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of September 30, 2022 (the most recent available date), and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5%
Discount rate	4.77%
Retirees' share of benefit-related costs	Retirees pay the full contribution rate for coverage
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the RPH-2014 Total Table with Projection MP-2019.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.77%. The discount rate was calculated as a (2.27%) real rate of return plus a 2.50% for inflation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Trends

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

1% Decrease (3.77%)	Current Discount Rate Assumption 4.77%	1% Increase (5.77%)
$ 231,869	$ 206,895	$ 184,876

The following presents the total OPEB liability of the City, calculated using the healthcare expense increase trend rate of 4.50%, as well as what the City's total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

1% Decrease (3.50%)	Current Healthcare Trend Assumption 4.50%	1% Increase (5.50%)
$ 178,876	$ 206,895	$ 240,499

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 9/30/2021	$ 268,466
Changes for the year:	
Service Cost	32,359
Interest	6,769
Difference between expected and actual experience	(31,890)
Changes of assumptions	(68,809)
Benefit payments	-
Net changes	(61,571)
Balance at 9/30/2022	$ 206,895

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

For the year ended September 30, 2022, the City recognized OPEB expense of $22,937.

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

	Deferred (Inflows) of Resources
Difference in experience	$ (12,839)
Changes in actuarial assumptions	(79,421)
Total	$ (92,260)

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

Year ended September 30:	
2023	$ (16,191)
2024	(16,191)
2025	(16,191)
2026	(16,191)
2027	(15,004)
Thereafter	(12,492)
Total	$ (92,260)

<u>OPEB Plans Summary Table:</u>

	OPEB TMRS	City of Hutto OPEB - Healthcare	Total
OPEB expense (income)	$ 45,962	$ 22,937	$ 68,899
OPEB liability (asset)	$ 370,163	$ 206,895	$ 577,058
Deferred outflows	$ 80,268	$ -	$ 80,268
Deferred inflows	$ 395	$ 92,260	$ 92,655

F. Construction commitments

The primary government has three active construction projects as of September 30, 2022. The projects are for work relating to Herrara Trail channel stabilization, Lakeside Estates sidewalk improvements, and water line improvements.

At year end the government's commitments with contractors are as follows:

Chasco Construction	$	38,987
Dig Dug Construction, LLC		502,378
Total Governmental Activities	$	541,365

Cash Construction	$	1,597,991
Total Business-Type Activities	$	1,597,991

G. Tax Abatement Disclosures

The City negotiates tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2022:

Purpose	Percentage of Taxes Abated during the Fiscal Year		Amount of Taxes Abated during the Fiscal Year
Construction of retail and residential to increase tax base and promote new business enterprises	100%	$	1,019,093
Construction of retail and residential to increase tax base and promote new business enterprises	80%		103,192
Promote economic development	60%		60,736
Relocate headquarters to promote economic development	90%		20,373
Relocate headquarters of manufacturing business	50%		6,660
	Total	$	**1,210,054**

Each agreement was negotiated under the property redevelopment and tax abatement act codified in chapter 312 of the Texas tax code which authorizes allowing localities to abate property taxes when the entity meets certain guidelines and criteria adopted by the governing body. The Tax Code provides that a tax abatement agreement may provide for the exemption of the real property in each year covered by the agreement only to the extent its increase in value for that year exceeds its value for the year in which the agreement is executed. Accordingly, only the increase in value may be abated. Moreover, the taxing unit could abate from one percent (1%) to one hundred percent (100%) the property taxes paid on the increase. A tax abatement agreement cannot exceed ten years in length.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

H. Restatement

Due to the prior year accounting errors, the City restated beginning net position/fund balance, capital assets and long-term liabilities for governmental activities, the general fund, the utility system fund, and business-type activities. The restatements are as follows:

	Governmental Activities	General
Prior year ending net position/fund balance, as reported	$ 141,702,532	$ 9,516,624
Record equipment balances	54,327	-
Record note payable	(54,327)	-
Land donated in the prior year	1,830,000	-
Record escrow account	413,020	413,020
Restated beginning net position/fund balance	$ 143,945,552	$ 9,929,644

	Business-Type Activities	Utility System
Prior year ending net position/fund balance, as reported	$ 35,232,301	$ 34,858,363
Record equipment balances	30,559	30,559
Record note payable	(30,559)	(30,559)
Restated beginning net position/fund balance	$ 35,232,301	$ 34,858,363

Due to the implementation of GASB Statement No. 87, *Leases*, the Hutto EDC restated beginning net position to recognize lease receivables and related deferred inflows in the prior year.

The restatement of beginning net position is as follows:

	EDC
Prior year ending net position, as reported	$ 3,919,060
Adoption of GASB 87 (lessor) - lease receivables	83,937
Adoption of GASB 87 (lessor) - deferred inflows - leases	(81,948)
Restated beginning net position	$ 3,921,049

I. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled *Leases.* Due to the implementation of GASB 87 in the current year, the City recorded right to use assets, lease liabilities, lease receivables, and related deferred inflows for lease revenue.

J. Subsequent Events

On October 13, 2022, the City issued $24,765,000 of General Obligation Bonds, Series 2022, with interest ranging from 4.375% to 5.00%. The bonds mature on September 30, 2047.

On November 3, 2022, the City issued $51,905,000 of Tax and Revenue Certificates of Obligation, Series 2022, with interest ranging from 4.25% to 5.25%. The bonds mature on September 30, 2047.

There were no other material subsequent events through May 25, 2023, the date the financial statements were available to be issued.

CITY OF HUTTO

REQUIRED SUPPLEMENTARY INFORMATION

City of Hutto, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)	
Revenues					
Property tax	$ 10,873,091	$ 10,873,091	$ 9,718,824	$ (1,154,267)	
Sales tax	6,229,002	6,229,002	7,612,834	1,383,832	
Franchise and local taxes	952,355	952,355	1,020,444	68,089	
Charges for services	524,950	629,950	844,333	214,383	
License, permits and fees	3,283,000	3,283,000	5,165,750	1,882,750	
Intergovernmental	175,000	175,000	151,057	(23,943)	
Fines and forfeitures	232,500	232,500	375,520	143,020	
Investment income	20,000	20,000	233,639	213,639	
Other revenue	50,000	50,000	127,849	77,849	
Total Revenues	22,339,898	22,444,898	25,250,250	2,805,352	
Expenditures					
Current:					
General government:					
Administration	2,527,940	2,604,897	2,876,867	(271,970)	*
Communications	1,839,765	1,874,263	1,512,482	361,781	
Financial services	1,936,548	1,955,621	1,554,948	400,673	
Community services	2,299,516	2,318,377	1,590,577	727,800	
Business and development	1,774,435	1,862,647	1,890,202	(27,555)	*
Public safety	6,466,094	6,837,163	6,085,094	752,069	
Public works	1,669,115	1,597,286	2,403,423	(806,137)	*
Information technology	1,007,011	1,021,471	835,969	185,502	
Debt service:					
Principal	-	-	34,330	(34,330)	*
Interest	-	-	6,424	(6,424)	*
Capital outlay	1,804,075	1,804,075	356,005	1,448,070	
Total Expenditures	21,324,499	21,875,800	19,146,321	2,729,479	
Revenues Over (Under) Expenditures	1,015,399	569,098	6,103,929	5,534,831	

City of Hutto, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)	
Other Financing Sources (Uses)					
Lease related	$ -	$ -	$ 433,570	$ 433,570	
Transfers (out)	-	-	(206,933)	(206,933)	*
Transfers in	150,000	150,000	170,000	20,000	
Sale of capital assets	-	-	16,230	16,230	
Total Other Financing Sources (Uses)	150,000	150,000	412,867	262,867	
Net Change in Fund Balance	$ 1,165,399	$ 719,098	6,516,796	$ 5,797,698	
Beginning fund balance			9,929,644		
Ending Fund Balance			$ 16,446,440		

Notes to Required Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

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

RIVER CREEK LGC

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
PID assessments	$ 2,403,812	$ 2,430,931	$ 27,119	
Investment income	-	16,910	16,910	
Other revenue	-	10,672	10,672	
Total Revenues	2,403,812	2,458,513	54,701	
Expenditures				
Development services	45,865	55,477	(9,612)	*
Administration	76,414	830,909	(754,495)	*
Debt service:				
Principal	2,281,533	170,000	2,111,533	
Interest and fiscal charges	-	1,968,069	(1,968,069)	*
Total Expenditures	2,403,812	3,024,455	(620,643)	
Net Change in Fund Balance	$ -	(565,942)	$ (565,942)	
Beginning fund balance		2,701,904		
Ending Fund Balance		$ 2,135,962		

Notes to Required Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
PID assessments	$ -	$ 808,571	$ 808,571	
Investment income	-	25,110	25,110	
Total Revenues	-	833,681	833,681	
Expenditures				
Administration	30,000	37,242	(7,242)	*
Business and development	-	11,188	(11,188)	*
Debt service:				
Principal	-	298,000	(298,000)	*
Interest and fiscal charges	-	1,506,374	(1,506,374)	*
Capital outlay	-	9,861,010	(9,861,010)	*
Total Expenditures	30,000	11,713,814	(11,683,814)	
Other Financing Sources (Uses)				
Debt issuance	-	13,427,000	13,427,000	
Discount on debt issuance	-	(74,328)	(74,328)	
Total Other Financing Sources (Uses)	-	13,352,672	13,352,672	
Net Change in Fund Balance	$ (30,000)	2,472,539	$ 2,502,539	
Beginning fund balance		20,331		
Ending Fund Balance		$ 2,492,870		

Notes to Required Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Years Ended:

	12/31/2021	12/31/2020	12/31/2019
Total pension liability			
Service cost	$ 1,503,908	$ 1,734,702	$ 1,999,810
Interest	1,380,256	1,256,953	1,077,837
Differences between expected and actual experience	(303,664)	(666,264)	(39,377)
Changes of assumptions	-	-	102,165
Benefit payments, including refunds of participant contributions	(366,864)	(399,702)	(308,914)
Net change in total pension liability	2,213,636	1,925,689	2,831,521
Total pension liability - beginning	$ 19,879,719	$ 17,954,030	$ 15,122,509
Total pension liability - ending (a)	$ 22,093,355	$ 19,879,719	$ 17,954,030
Plan fiduciary net position			
Contributions - employer	$ 970,957	$ 1,100,406	$ 1,280,611
Contributions - members	558,480	639,504	741,463
Net investment income	2,716,669	1,375,275	2,195,091
Benefit payments, including refunds of participant contributions	(366,864)	(399,702)	(308,914)
Administrative expenses	(12,532)	(8,875)	(12,382)
Other	86	(421)	(372)
Net change in plan fiduciary net position	3,866,796	2,706,187	3,895,497
Plan fiduciary net position - beginning	20,776,173	18,069,986	14,174,489
Plan fiduciary net position - ending (b)	$ 24,642,969	$ 20,776,173	$ 18,069,986
Fund's net pension liability (asset) - ending (a) - (b)	$ (2,549,614)	$ (896,454)	$ (115,956)
Plan fiduciary net position as a percentage of the total pension liability	111.54%	104.51%	100.65%
Covered payroll	$ 7,978,289	$ 9,139,629	$ 10,592,215
Fund's net position as a percentage of covered payroll	-31.96%	-9.81%	-1.09%

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.

12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014 [1]
$ 1,565,254	$ 1,198,896	$ 1,026,767	$ 962,431	$ 833,773
913,040	875,358	780,023	708,304	622,096
26,294	(1,329,900)	(153,585)	(108,979)	(63,330)
-	-	-	(5,203)	-
(251,940)	(486,628)	(167,170)	(135,732)	(314,927)
2,252,648	257,726	1,486,035	1,420,821	1,077,612
$ 12,869,861	$ 12,612,135	$ 11,126,100	$ 9,705,279	$ 8,627,667
$ 15,122,509	$ 12,869,861	$ 12,612,135	$ 11,126,100	$ 9,705,279
$ 1,074,508	$ 857,503	$ 730,072	$ 705,115	$ 557,322
579,724	455,462	388,927	368,344	346,256
(395,377)	1,505,705	627,647	12,307	419,720
(251,940)	(486,628)	(167,170)	(135,732)	(314,927)
(7,628)	(7,794)	(7,083)	(7,494)	(4,380)
(398)	(396)	(382)	(370)	(360)
998,889	2,323,852	1,572,011	942,170	1,003,631
13,175,600	10,851,748	9,279,737	8,337,567	7,333,936
$ 14,174,489	$ 13,175,600	$ 10,851,748	$ 9,279,737	$ 8,337,567
$ 948,020	$ (305,739)	$ 1,760,387	$ 1,846,363	$ 1,367,712
93.73%	102.38%	86.04%	83.41%	85.91%
$ 8,281,768	$ 6,498,079	$ 5,556,097	$ 5,262,059	$ 4,946,507
11.45%	-4.71%	31.68%	35.09%	27.65%

City of Hutto, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	$ 1,013,511	$ 961,390	$ 1,145,625
Contributions in relation to the actuarially determined contribution	$ 1,003,255	$ 961,390	$ 1,145,625
Contribution deficiency (excess)	$ 10,256	$ -	$ -
Annual covered payroll	$ 8,554,898	$ 7,923,905	$ 9,504,240
Employer contributions as a percentage of covered payroll	11.73%	12.13%	12.05%

[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	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
$ 1,234,356	$ 1,024,670	$ 789,339	$ 748,540	$ 646,710
$ 1,234,356	$ 1,024,670	$ 789,339	$ 754,922	$ 652,653
$ -	$ -	$ -	$ (6,382)	$ (5,943)
$ 10,057,444	$ 7,870,692	$ 5,939,784	$ 5,667,427	$ 5,022,983
12.27%	13.02%	13.29%	13.32%	12.99%

City of Hutto, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended December 31,

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 20,744	$ 22,849	$ 20,125	$ 18,220
Interest	6,937	7,290	6,359	5,523
Differences between expected and actual experience	(7,715)	(2,601)	16,418	(3,767)
Changes of assumptions	14,510	56,520	50,433	(15,452)
Benefit payments, including refunds of participant contributions	(1,596)	(914)	(1,059)	(828)
Net change in total OPEB liability	32,880	83,144	92,276	3,696
Total OPEB liability - beginning	$ 337,283	$ 254,139	$ 161,863	$ 158,167
Total OPEB liability - ending	$ 370,163	$ 337,283	$ 254,139	$ 161,863
Covered-employee payroll	$ 7,978,289	$ 9,139,629	$ 10,592,215	$ 8,281,768
Fund's net position as a percentage of covered-employee payroll	4.64%	3.69%	2.40%	1.95%

Notes to schedule:

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

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

2017 [1]
$ 12,996
4,955
-
15,965
(650)
33,266
$ 124,901
$ 158,167 [2]
$ 6,498,079
2.43%

City of Hutto, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

CITY OF HUTTO

RETIREE HEALTH CARE PLAN

Years Ended September 30,

	2022	2021	2020	2019
Total OPEB liability				
Service cost	$ 32,359	$ 32,359	$ 30,155	$ 30,155
Interest	6,769	5,908	9,400	6,680
Differences between expected and actual experience	(31,890)	-	24,653	-
Changes of assumptions	(68,809)	-	(35,378)	-
Benefit payments, including refunds of participant contributions	-	-	-	-
Net change in total OPEB liability	(61,571)	38,267	28,830	36,835
Total OPEB liability - beginning	$ 268,466	$ 230,199	$ 201,369	$ 164,534
Total OPEB liability - ending	$ 206,895	$ 268,466	$ 230,199	$ 201,369
Covered-employee payroll	$ 7,549,334	$ 6,625,207	$ 6,625,207	$ 7,750,974
Fund's net position as a percentage of covered-employee payroll	2.74%	4.05%	3.47%	2.60%

Notes to schedule:

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

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

2018 [1]
$ 28,978
6,419
-
-
-
35,397
$ 129,137
$ 164,534 [2]
$ 7,750,974
2.12%

CITY OF HUTTO

OTHER SUPPLEMENTARY INFORMATION

CITY OF HUTTO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

MUNICIPAL COURT FEES FUND

This fund is used to account for court fees to be expended on court technology, security and training.

HOTEL TAX FUND

This fund is used to account for the accumulation of resources from the hotel tax assessment levied by the City. These monies are to be spent to promote the progress, development or growth of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act.

POLICE SEIZURE FUND

This fund is used to account for proceeds from the sale of assets seized in connection with drug arrests. These monies are to be used for law enforcement activities.

PEG CAPITAL FEES FUND

This fund is used to account for proceeds from cable services to fund a PEG (Public, Educational, and Governmental) access channel. This fee may only be used for the construction and equipment for a PEG channel.

PUBLIC IMPROVEMENT DISTRICT FUNDS

To account for activities conducted by the various Public Improvement Districts in acquiring, constructing, and maintaining infrastructure improvements for the districts.

ARPA GRANT FUND

This fund is to account for the ARPA Grant funds received and expended.

PID DEVELOPER FUNDS

This fund is used to account for PID developer contributions received and utilized.

CAPITAL PROJECTS FUNDS

These funds are used to track capital projects within governmental activities.

PARK IMPROVEMENT FUND

This fund is used to account for funds received and expended for purchase of land, improvements and construction of parks and recreational facilities.

TRANSPORTATION IMPROVEMENTS

This fund is used to account for funds received and expended for purchase of transportion related improvements.

City of Hutto, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

As of September 30, 2022

	Special Revenue Funds			
	Municipal Court Fees	**Hotel Tax**	**Police Seizure Fund**	**PEG Capital Fees**
Assets				
Cash and cash equivalents	$ 77,275	$ 292,663	$ 41,401	$ 81,629
Accounts receivable, net	-	-	-	-
Taxes receivable, net	-	52,687	-	10,485
Total Assets	$ 77,275	$ 345,350	$ 41,401	$ 92,114
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
PID assessments	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted:				
Capital projects	-	-	-	-
Economic development	-	345,350	-	92,114
Police and traffic safety	-	-	41,401	-
Municipal court	77,275	-	-	-
Grant activities	-	-	-	-
PID development	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	77,275	345,350	41,401	92,114
Total Liabilities, Deferred Inflows and Fund Balances	$ 77,275	$ 345,350	$ 41,401	$ 92,114

Special Revenue Funds				
Emory Crossing PID	Estates of Hutto	Liddel Walker PID	ARPA Grant	Meadow Brook PID
$ 451,995	$ 70,626	$ 97,958	$ 6,958,813	$ 95,589
6,445,000	-	-	-	-
-	-	-	-	-
$ 6,896,995	$ 70,626	$ 97,958	$ 6,958,813	$ 95,589
$ -	$ 75,000	$ 100,000	$ -	$ 100,000
-	75,000	100,000	-	100,000
6,445,000	-	-	-	-
6,445,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	6,958,813	-
451,995	-	-	-	-
-	(4,374)	(2,042)	-	(4,411)
451,995	(4,374)	(2,042)	6,958,813	(4,411)
$ 6,896,995	$ 70,626	$ 97,958	$ 6,958,813	$ 95,589

City of Hutto, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

As of September 30, 2022

	Special Revenue	Capital Projects Funds		
	PID Developer	Park Improvements	Transportation Improvements	Total Nonmajor Governmental
Assets				
Cash and cash equivalents	$ 3,449,037	$ 2,973,981	$ 1,072,732	$ 15,663,699
Accounts receivable, net	-	-	-	6,445,000
Taxes receivable, net	-	-	-	63,172
Total Assets	$ 3,449,037	$ 2,973,981	$ 1,072,732	$ 22,171,871
Liabilities				
Accounts payable	$ -	$ 22,825	$ -	$ 297,825
Total Liabilities	-	22,825	-	297,825
Deferred Inflows of Resources				
PID assessments	-	-	-	6,445,000
Total Deferred Inflows of Resources		-	-	6,445,000
Fund Balances				
Restricted:				
Capital projects	-	2,951,156	-	2,951,156
Economic development	-	-	1,072,732	1,510,196
Police and traffic safety	-	-	-	41,401
Municipal court	-	-	-	77,275
Grant activities	-	-	-	6,958,813
PID development	3,449,037	-	-	3,901,032
Unassigned		-	-	(10,827)
Total Fund Balances	3,449,037	2,951,156	1,072,732	15,429,046
Total Liabilities, Deferred Inflows and Fund Balances	$ 3,449,037	$ 2,973,981	$ 1,072,732	$ 22,171,871

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Special Revenue Funds			
	Municipal Court Fees	**Hotel Tax**	**Police Seizure Fund**	**PEG Capital Fees**
Revenues				
Franchise taxes	$ -	$ -	$ -	$ 43,627
Hotel occupancy taxes	-	294,103	-	-
Fines and forfeitures	33,681	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	-	-
Developer contributions	-	-	-	-
Investment income	-	-	-	-
PID assessments	-	-	-	-
Miscellaneous	-	-	45,380	-
Total Revenues	33,681	294,103	45,380	43,627
Expenditures				
Business and development services	2,311	-	-	-
Administration	-	-	-	62,345
Public safety	-	-	6,912	-
Capital outlay	-	-	-	-
Debt service			-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	2,311	-	6,912	62,345
Revenues Over (Under) Expenditures	31,370	294,103	38,468	(18,718)
Other Financing Sources (Uses)				
Transfers (out)	-	(170,000)	-	-
Total Other Financing Sources (Uses)	-	(170,000)	-	-
Net Change in Fund Balances	31,370	124,103	38,468	(18,718)
Beginning fund balances	45,905	221,247	2,933	110,832
Ending Fund Balances	$ 77,275	$ 345,350	$ 41,401	$ 92,114

Special Revenue Funds				
Emory Crossing PID	Estates of Hutto	Liddel Walker PID	ARPA Grant	Meadow Brook PID
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	3,476,123	-
-	-	-	-	-
-	-	-	-	-
7,411	-	-	23,783	-
423,431	-	-	-	-
-	-	-	-	-
430,842	-	-	3,499,906	-
29,623	3,180	1,953	-	3,873
-	1,194	89	-	538
-	-	-	3,564	-
2,385,932	-	-	-	-
-	-	-	-	-
25,000	-	-	-	-
323,670	-	-	-	-
4,500	-	-	-	-
2,768,725	4,374	2,042	3,564	4,411
(2,337,883)	(4,374)	(2,042)	3,496,342	(4,411)
-	-	-	-	-
-	-	-	-	-
(2,337,883)	(4,374)	(2,042)	3,496,342	(4,411)
2,789,878	-	-	3,462,471	-
$ 451,995	$ (4,374)	$ (2,042)	$ 6,958,813	$ (4,411)

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Special Revenue	Capital Projects Funds		
	PID Developer	Park Improvements	Transportation Improvements	Total Nonmajor Governmental
Revenues				
Franchise taxes	$ -	$ -	-	$ 43,627
Hotel occupancy taxes	-	-	-	294,103
Fines and forfeitures	-	-	-	33,681
Intergovernmental revenue	-	-	-	3,476,123
Charges for services	-	1,358,780	1,072,732	2,431,512
Developer contributions	2,949,037	-	-	2,949,037
Investment income	-	6,567	-	37,761
PID assessments	-	-	-	423,431
Miscellaneous	-	-	-	45,380
Total Revenues	2,949,037	1,365,347	1,072,732	9,734,655
Expenditures				
Business and dev.services	-	-	-	40,940
Administration	-	-	-	64,166
Public safety	-	-	-	10,476
Capital outlay	-	171,553	-	2,557,485
Debt service				
Principal	-	-	-	25,000
Interest	-	-	-	323,670
Bond issuance costs	-	-	-	4,500
Total Expenditures	-	171,553	-	3,026,237
Revenues Over (Under) Expenditures	2,949,037	1,193,794	1,072,732	6,708,418
Other Financing Sources (Uses)				
Transfers (out)	-	-	-	(170,000)
Total Other Financing Sources (Uses)	-	-	-	(170,000)
Net Change in Fund Balances	2,949,037	1,193,794	1,072,732	6,538,418
Beginning fund balances	500,000	1,757,362	-	8,890,628
Ending Fund Balances	$ 3,449,037	$ 2,951,156	$ 1,072,732	$ 15,429,046

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 4,138,155	$ 4,441,617	$ 303,462
Investment income	500	4,618	4,118
Total Revenues	4,138,655	4,446,235	307,580
Expenditures			
Debt service:			
Principal	2,106,684	2,200,677	(93,993) *
Interest	2,022,471	1,888,802	133,669
Bond issuance costs	9,500	9,500	-
Total Expenditures	4,138,655	4,098,979	39,676
Revenues Over (Under) Expenditures	-	347,256	347,256
Net Change in Fund Balance	$ -	347,256	$ 347,256
Beginning fund balance		1,159,925	
Ending Fund Balance		$ 1,507,181	

Notes to Other Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	$ -	$ 4,145	$ 4,145
Investment income	2,500	13,887	11,387
Total Revenues	2,500	18,032	15,532
Expenditures			
Capital outlay	500,000	1,355,799	(855,799) *
Total Expenditures	500,000	1,355,799	(855,799)
Other Financing Sources (Uses)			
Proceeds from sale of assets	-	320,075	320,075
Transfers (out)	-	(7,339,882)	(7,339,882) *
Total Other Financing Sources (Uses)	-	(7,019,807)	(7,019,807)
Net Change in Fund Balance	$ (497,500)	(8,357,574)	$ (7,860,074)
Beginning fund balance		6,263,480	
Ending Fund Balance		$ (2,094,094)	

Notes to Other Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARK IMPROVEMENTS
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	$ 250,000	$ 1,358,780	$ 1,108,780
Investment income	1,500	6,567	5,067
Total Revenues	251,500	1,365,347	1,113,847
Expenditures			
Capital outlay	-	171,553	(171,553) *
Total Expenditures	-	171,553	(171,553)
Net Change in Fund Balance	$ 251,500	1,193,794	$ 942,294
Beginning fund balance		1,757,362	
Ending Fund Balance		$ 2,951,156	

Notes to Other Supplementary Information
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 16,820	$ 33,681	$ 16,861
Total Revenues	16,820	33,681	16,861
Expenditures			
Financial services	3,500	2,311	1,189
Total Expenditures	3,500	2,311	1,189
Net Change in Fund Balance	$ 13,320	31,370	$ 18,050
Beginning fund balance		45,905	
Ending Fund Balance		$ 77,275	

Notes to Other Supplementary Information

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

City of Hutto, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL TAX FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Hotel occupancy taxes	$ 175,000	$ 294,103	$ 119,103
Total Revenues	175,000	294,103	119,103
Expenditures			
Community services	5,000	-	5,000
Total Expenditures	5,000	-	5,000
Other Financing Sources (Uses)			
Transfers (out)	(170,000)	(170,000)	-
Net Change in Fund Balance	$ -	124,103	$ 124,103
Beginning fund balance		221,247	
Ending Fund Balance		$ 345,350	

Notes to Other Supplementary Information

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

City of Hutto, Texas

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

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other income	$ 5,000	$ 45,380	$ 40,380
Total Revenues	5,000	45,380	40,380
Expenditures			
Public safety	5,000	6,912	(1,912) *
Total Expenditures	5,000	6,912	(1,912)
Net Change in Fund Balance	$ -	38,468	$ 38,468
Beginning fund balance		2,933	
Ending Fund Balance		$ 41,401	

Notes to Other Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

CITY OF HUTTO

City of Hutto, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PEG CAPITAL FEES FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues				
Franchise taxes	$ 70,000	$ 43,627	$ (26,373)	
Total Revenues	70,000	43,627	(26,373)	
Expenditures				
Administration	45,000	62,345	(17,345)	*
Total Expenditures	45,000	62,345	(17,345)	
Net Change in Fund Balance	$ 25,000	(18,718)	$ (43,718)	
Beginning fund balance		110,832		
Ending Fund Balance		$ 92,114		

Notes to Other Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Hutto, Texas

BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2022

	TIRZ #1	Hutto EDC	Total
Assets			
Cash and cash equivalents	$ 111,584	$ 3,990,549	$ 4,102,133
Receivables, net	-	814,366	814,366
Notes receivable, net	-	4,167	4,167
Total Assets	111,584	4,809,082	4,920,666
Liabilities			
Accounts payable and accrued liabilities	-	102,474	102,474
Due to primary government	-	112,948	112,948
Total Liabilities	-	215,422	215,422
Deferred Inflows of Resources			
Lease related	-	56,733	56,733
Total Deferred Inflows	-	56,733	56,733
Fund Balances			
Restricted for:			
Economic development	111,584	4,536,927	4,648,511
Total Fund Balance	111,584	4,536,927	4,648,511
Total Liabilities and Fund Balance	$ 111,584	$ 4,752,349	$ 4,863,933

See Notes to Financial Statements.

City of Hutto, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2022

Fund Balance	$ 4,648,511
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	8,871,466
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(57,595)
Non-current liabilities due in one year	(195,000)
Non-current liabilities due in more than one year	(8,345,000)
Net Position of the Discretely Presented Component Units	$ 4,922,382

City of Hutto, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended September 30, 2022

	TIRZ #1	Hutto EDC	Total
Revenues			
Sales taxes	$ -	$ 2,712,489	$ 2,712,489
Investment income	557	21,986	22,543
Lease revenue	-	37,715	37,715
Other revenues	71,873	489,906	561,779
Total Revenues	72,430	3,262,096	3,334,526
Expenditures			
Economic development	1,980	1,912,545	1,914,525
Debt service:			
Principal	-	190,000	190,000
Interest and fiscal charges	-	359,336	359,336
Total Expenditures	1,980	2,461,881	2,463,861
Excess of Revenues Over (Under) Expenditures	70,450	800,215	870,665
Net Change in Fund Balances	70,450	800,215	870,665
Beginning fund balances	41,134	3,736,712	3,777,846
Ending Fund Balances	$ 111,584	$ 4,536,927	$ 4,648,511

See Notes to Financial Statements.

City of Hutto, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

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

Net changes in fund balances	$	870,665
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.		
Change in notes receivable		(101,458)
Accrued interest		992
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt		190,000
Change in Net Position of the Discretely Presented Component Units	$	960,199

CITY OF HUTTO

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Hutto, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2022	2021	2020	2019
Governmental activities				
Net investment in capital assets	$ 52,635,206	$ 59,409,615	$ 46,702,040	$ 45,654,007
Restricted	89,102,813	66,904,337	39,092,041	17,131,084
Unrestricted	16,495,751	17,631,600	1,596,240	(5,315,794)
Total governmental activities net position	$ 158,233,770	$ 143,945,552	$ 87,390,321	$ 57,469,297
Business-type activities				
Net investment in capital assets	$ 5,777,765	$ 9,955,633	$ (1,300,185)	$ 2,599,616
Restricted	22,532,208	13,023,948	9,122,003	2,207,444
Unrestricted	18,149,897	12,343,720	6,399,083	8,916,060
Total business-type activities net position	$ 46,459,870	$ 35,323,301	$ 14,220,901	$ 13,723,120
Primary government				
Net investment in capital assets	$ 58,412,971	$ 69,365,248	$ 45,401,855	$ 48,253,623
Restricted	111,635,021	79,928,285	48,214,044	19,338,528
Unrestricted	34,645,648	29,975,320	7,995,323	3,600,266
Total primary government net position	$ 204,693,640	$ 179,268,853	$ 101,611,222	$ 71,192,417

Source: City audited financial records

2018	2017	2016	2015	2014	2013
$ 59,412,125	$ 56,167,601	$ 45,830,769	$ 47,972,415	$ 44,042,798	$ 39,789,569
1,873,133	1,876,525	6,153,515	83,925	790,122	4,938,688
2,930,083	3,108,691	3,960,573	2,709,045	3,390,383	3,925,628
$ 64,215,341	$ 61,152,817	$ 55,944,857	$ 50,765,385	$ 48,223,303	$ 48,653,885
$ 5,686,428	$ 17,203,620	$ 9,561,617	$ 13,646,561	$ 10,846,438	$ 9,488,657
2,148,826	1,316,372	6,277,422	362,854	1,744,333	3,684,428
9,939,030	2,808,951	5,798,527	5,427,036	5,817,226	4,499,412
$ 17,774,284	$ 21,328,943	$ 21,637,566	$ 19,436,451	$ 18,407,997	$ 17,672,497
$ 65,098,553	$ 73,371,221	$ 55,392,386	$ 61,618,976	$ 54,889,236	$ 49,278,226
4,021,959	3,192,897	12,430,937	446,779	2,534,455	8,623,116
12,869,113	5,917,642	9,759,100	8,136,081	9,207,609	8,425,040
$ 81,989,625	$ 82,481,760	$ 77,582,423	$ 70,201,836	$ 66,631,300	$ 66,326,382

City of Hutto, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2022	2021	2020	2019
Expenses				
Governmental activities:				
Administration	$ 4,384,018	$ 2,913,548	$ 4,359,802	$ 5,487,292
Finance	1,474,925	1,656,692	1,637,141	2,027,571
Development services	2,158,093	3,916,405	3,329,828	2,036,897
Public works & engineering	4,944,355	3,713,349	3,970,402	4,505,957
Public safety	5,268,714	5,264,490	5,195,069	5,277,455
Municipal court	-	-	-	-
Sanitation services	-	-	-	-
Community services	2,278,208	1,889,427	1,855,525	1,251,775
Engineering	-	-	-	-
Other	-	826,948	-	-
Communications	2,230,486	2,332,340	2,031,560	1,879,924
Interest and other changes	10,493,875	7,780,253	5,817,345	5,260,157
Total governmental activities expenses	33,232,674	30,293,452	28,196,672	27,727,028
Business-type activities:				
Utility system	18,941,509	16,087,910	15,156,736	15,762,260
Sewer	-	-	-	1,326,773
Solid waste	1,973,913	1,770,017	1,620,286	-
Total business-type activities expenses	20,915,422	17,857,927	16,777,022	17,089,033
Total primary government expenses	$ 54,148,096	$ 48,151,379	$ 44,973,694	$ 44,816,061
Program Revenues				
Governmental activities:				
Charges for services:				
Development services	$ -	$ -	$ 74,290	$ -
Public works	9,864,417	7,065,030	4,042,676	3,495,141
Public safety	409,201	264,185	12,602	18,266
Administration	-	-	49,092	21,766
Sanitation services	-	-	-	-
Community services	1,646,417	880,878	432,190	333,711
Other activities	-	-	1,044	1,039
Operating grants and contributions	151,057	175,209	23,710	-
Capital grants and contributions	21,187,911	56,729,027	9,405,000	2,889,331
Total governmental activities program revenues	33,259,003	65,114,329	14,040,604	6,759,254
Business-type activities:				
Charges for services:				
Utility system	$ 29,719,080	$ 21,090,639	$ 12,123,874	$ 10,679,440
Sewer	-	-	2,046,025	1,479,031
Solid waste	2,364,478	2,009,341	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	15,211,309	2,869,170	2,945,310

2018	2017	2016	2015	2014	2013
$ 3,434,068	$ 5,364,342	$ 3,134,609	$ 3,183,394	$ 1,784,338	$ 1,836,917
1,023,761	1,114,076	504,748	491,985	481,714	847,231
2,274,571	969,777	1,165,998	760,071	620,838	897,436
4,613,851	3,156,069	2,745,158	2,495,928	3,921,174	2,365,721
4,723,018	3,755,121	3,403,760	3,028,036	3,062,145	2,692,549
-	-	-	-	-	355,620
-	-	-	-	1,100,016	1,065,096
1,216,565	737,044	1,029,077	1,120,752	1,093,865	1,064,589
-	411,565	-	390,387	378,729	-
-	5,426	1,353,794	1,089,306	821,580	-
1,527,739	-	-	-	-	-
1,703,893	691,112	627,472	611,299	596,659	673,568
20,517,466	16,204,532	13,964,616	13,171,158	13,861,058	11,798,727
17,345,113	7,687,064	5,946,258	5,980,037	5,137,503	4,730,999
1,276,248	4,654,469	3,749,311	3,663,229	3,005,932	2,856,228
-	1,220,140	1,209,889	1,201,326	-	-
18,621,361	13,561,673	10,905,458	10,844,592	8,143,435	7,587,227
$ 39,138,827	$ 29,766,205	$ 24,870,074	$ 24,015,750	$ 22,004,493	$ 19,385,954
$ -	$ 1,004,275	$ 960,041	$ 1,064,135	$ -	$ -
2,150,875	-	-	-	831,500	542,025
19,351	552,067	687,307	739,327	545,377	506,109
14,093	12,905	11,501	12,635	11,548	9,774
-	-	-	-	1,175,584	1,114,856
335,803	134,741	130,722	133,633	167,191	173,604
-	-	-	-	-	-
4,253,503	-	-	-	-	-
-	5,717,721	5,446,106	2,897,847	3,286,597	4,051,994
6,773,625	7,421,709	7,235,677	4,847,577	6,017,797	6,398,362
$ 10,018,089	$ 4,695,863	$ 4,490,477	$ 4,129,549	$ 3,685,227	$ 3,502,524
1,467,571	3,805,506	3,551,927	3,168,889	2,983,419	2,876,988
-	1,325,928	1,307,824	1,282,287	-	-
-	-	-	-	-	6,886
2,347,165	3,395,372	3,165,532	3,720,151	2,546,947	1,915,790

City of Hutto, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2022	2021	2020	2019
Total business-type activities program revenues	32,083,558	38,311,289	17,039,069	15,103,781
Total primary government program revenues	$ 65,342,561	$ 103,425,618	$ 31,079,673	$ 21,863,035
Net (Expenses) Revenue				
Governmental activities	$ 26,329	$ 34,820,877	$ (14,156,068)	$ (20,967,774)
Business-type activities	11,168,136	20,453,362	262,047	(1,985,252)
Total primary government net expense	$ 11,194,465	$ 55,274,239	$ (13,894,021)	$ (22,953,026)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	14,256,130	12,479,205	12,492,455	9,658,473
Sales taxes	7,612,834	6,494,547	5,338,884	5,736,709
Franchise taxes	1,064,071	927,762	815,167	950,726
Hotel taxes	294,103	205,276	144,213	227,350
Assessments	-	-	817,875	-
Investment earnings	371,817	21,099	315,948	887,324
Miscellaneous	26,289	419,719	748,627	478,182
Special item-loss on court judgment	(9,500,000)			
Transfers	136,645	(643,254)	-	(1,312,978)
Total governmental activities	14,261,889	19,904,354	20,673,169	16,625,786
Business-type activities:				
Franchise fees	-	-	110,125	51,246
Investment earnings	105,078	5,784	125,609	299,314
Miscellaneous	-	-	-	619,333
Transfers	(136,645)	643,254	-	1,312,978
Total business-type activities	(31,567)	649,038	235,734	2,282,871
Total primary government	$ 14,230,322	$ 20,553,392	$ 20,908,903	$ 18,908,657
Change in Net Position				
Governmental activities	$ 14,288,218	$ 54,725,231	$ 6,517,101	$ (4,341,988)
Business-type activities	11,136,569	21,102,400	497,781	297,619
Total primary government	$ 25,424,787	$ 75,827,631	$ 7,014,882	$ (4,044,369)

Source: City audited financial records

	2018	2017	2016	2015	2014	2013
	13,832,825	13,222,669	12,515,760	12,300,876	9,215,593	8,302,188
	$ 20,606,450	$ 20,644,378	$ 19,751,437	$ 17,148,453	$ 15,233,390	$ 14,700,550
	$ (13,743,841)	$ (8,782,823)	$ (6,728,939)	$ (8,323,581)	$ (7,843,261)	$ (5,400,365)
	(4,788,536)	(339,004)	1,610,302	1,456,284	1,072,158	714,961
	$ (18,532,377)	$ (9,121,827)	$ (5,118,637)	$ (6,867,297)	$ (6,771,103)	$ (4,685,404)
	8,769,448	7,593,080	6,754,673	5,881,823	5,044,190	4,658,753
	4,968,154	4,371,360	3,520,099	3,177,443	2,064,671	1,925,463
	980,088	885,968	803,148	783,793	822,308	810,956
	271,387	306,486	213,664	109,428	103,577	93,780
	-	-	-	-	-	-
	1,360,235	48,908	40,876	9,725	9,479	173,529
	303,726	473,314	283,951	157,917	149,903	199,308
	(121,031)	311,667	292,000	849,000	500,000	675,000
	16,532,007	13,990,783	11,908,411	10,969,129	8,694,128	8,536,789
	32,499	34,051	63,264	111,017	-	-
	284,284	18,924	15,910	5,965	26,953	24,864
	602,834	518,679	803,639	569,713	742,388	707,148
	121,031	(311,667)	(292,000)	(849,000)	(500,000)	(675,000)
	1,040,648	259,987	590,813	(162,305)	269,341	57,012
	$ 17,572,655	$ 14,250,770	$ 12,499,224	$ 10,806,824	$ 8,963,469	$ 8,593,801
	$ 2,788,166	$ 5,207,960	$ 5,179,472	$ 2,645,548	$ 850,867	$ 3,136,424
	(3,747,888)	(79,017)	2,201,115	1,293,979	1,341,499	771,973
	$ (959,722)	$ 5,128,943	$ 7,380,587	$ 3,939,527	$ 2,192,366	$ 3,908,397

City of Hutto, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2022	2021	2020	2019
General Fund				
Nonspendable	$ 11,991	$ 8,625	$ 14,752	$ 14,804
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	16,434,449	9,921,019	3,727,650	1,650,366
Total general fund	$ 16,446,440	$ 9,929,644	$ 3,742,402	$ 1,665,170
All Other Governmental Funds				
Restricted	25,966,530	19,036,268	30,924,877	31,179,373
Unassigned	(8,157,413)	(9,465,349)	(744,442)	-
Total all other governmental funds	$ 17,809,117	$ 9,570,919	$ 30,180,435	$ 31,179,373

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

2018	2017	2016	2015	2014	2013
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	33,041	-
-	481,198	398,997	270,000	270,000	200,000
-	20,931	124,848	659,565	566,597	-
3,621,137	4,329,804	3,821,689	2,980,560	2,705,379	2,988,728
$ 3,621,137	$ 4,831,933	$ 4,345,534	$ 3,910,125	$ 3,575,017	$ 3,188,728
3,850,458	5,159,444	7,343,848	970,257	1,193,193	5,951,681
-	-	-	-	-	-
$ 3,850,458	$ 5,159,444	$ 7,343,848	$ 970,257	$ 1,193,193	$ 5,951,681

City of Hutto, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2022	2021	2020	2019
Revenues				
Taxes	$ 23,131,449	$ 20,059,590	$ 20,703,700	$ 16,636,826
Permits and inspection fees	5,165,750	4,577,016	3,347,179	2,754,193
Intergovernmental	3,627,180	3,637,646	23,710	71,900
Charges for services	3,275,845	1,355,762	980,668	895,830
Fines and forfeitures	409,201	264,185	244,736	324,062
Investment earnings and misc.	559,863	914,518	1,079,420	1,189,444
Assessments	4,307,677	2,183,130	909,078	-
Contributed infrastructure	2,949,037	-	-	-
Total Revenues	43,426,002	32,991,847	27,288,491	21,872,255
Expenditures				
City administration	3,830,798	2,336,917	3,713,877	5,158,558
Financial services	1,556,948	1,667,106	1,547,420	1,426,337
Business & development services	2,687,930	4,324,076	3,689,515	2,411,526
Public works & engineering	2,403,425	1,292,645	1,909,898	2,395,430
Public safety	6,095,570	5,291,740	4,998,560	5,573,357
Communications	1,512,482	1,580,354	2,039,377	1,903,124
Community services	1,590,577	1,254,933	1,250,990	1,803,585
Municipal court	-	-	-	-
Sanitation services	-	-	-	-
Engineering	-	-	-	-
General services	835,969	765,619	-	-
Debt Service:				
Principal	8,153,729	22,248,476	2,041,371	1,546,968
Interest	10,084,823	6,546,164	6,311,582	2,145,885
Issuance costs	14,000	802,471	563,243	2,444,090
Capital outlay	14,130,299	16,006,495	19,763,967	23,954,765
Total Expenditures	52,896,550	64,116,996	47,829,800	50,763,625
Excess of Revenues Over (Under) Expenditures	(9,470,548)	(31,125,149)	(20,541,309)	(28,891,370)
Other Financing Sources (Uses)				
Transfers in	7,509,882	1,210,638	484,633	1,819,707
Transfers (out)	(7,716,815)	(1,710,638)	(484,633)	(1,819,707)
Capital leases	-	-		422,055
Bonds issued, net	23,662,598	25,706,203	24,229,329	53,927,453
Payment to a refunding agent	-	(8,942,648)	-	-
Proceeds from sale of assets	336,305	26,300	-	-
Lease related	433,570	-	-	-
Total Other Financing Sources (Uses)	24,225,540	16,289,855	24,229,329	54,349,508
Net change in fund balances	$ 14,754,992	$ (14,835,294)	$ 3,688,020	$ 25,458,138
Debt service as percentage of noncapital expenditures	47.0%	49.7%	29.8%	13.8%

Source: City audited financial records

2018	2017	2016	2015	2014	2013
$ 14,925,485	$ 13,183,977	$ 11,289,895	$ 9,937,086	$ 8,031,346	$ 7,483,530
1,647,340	1,004,700	960,466	1,064,509	831,500	542,025
934,045	219,261	446,944	524,268	132,236	152,382
691,366	-	-	-	1,175,584	1,114,856
279,650	345,042	540,966	561,569	424,689	363,501
360,664	702,175	480,114	545,273	980,843	652,617
-	-	-	-	-	-
-	5,717,721	5,132,020	2,319,599	2,632,328	3,972,269
18,838,550	21,172,876	18,850,405	14,952,304	14,208,526	14,281,180
2,970,243	4,994,015	2,998,900	2,831,083	1,916,408	1,698,821
1,068,573	1,109,106	498,355	492,426	467,583	821,011
2,376,934	990,209	1,146,382	756,543	606,173	883,896
2,102,807	1,536,931	1,147,690	1,052,359	807,746	749,527
4,647,847	3,728,505	3,390,554	3,236,444	3,023,570	2,832,937
1,547,794	467,988	921,892	1,049,027	1,043,434	1,027,463
969,268	406,802	-	-	-	-
-	-	-	-	-	387,961
-	-	-	6,181	1,100,016	1,065,096
-	-	-	390,774	378,729	-
-	-	1,363,212	1,108,761	874,673	-
1,148,531	874,285	783,185	718,823	364,254	3,208,005
1,268,011	675,701	571,887	616,704	613,558	864,319
-	74,168	74,938	16,284	-	-
24,475,248	11,978,709	6,419,044	4,365,072	8,031,321	10,288,564
42,575,256	26,836,419	19,316,039	16,640,481	19,227,465	23,827,600
(23,736,706)	(5,663,543)	(465,634)	(1,688,177)	(5,018,939)	(9,546,420)
2,872,626	562,812	866,580	1,799,178	632,351	971,313
(2,993,657)	(251,145)	(574,580)	(950,178)	(132,351)	(291,450)
-	166,000	347,545	431,880	146,740	92,424
21,051,955	3,490,871	6,635,089	1,249,579	-	13,112,130
-	-	-	(1,230,218)	-	-
283,000	-	-	-	-	-
-	-	-	-	-	-
21,213,924	3,968,538	7,274,634	1,300,241	646,740	13,884,417
$ (2,522,782)	$ (1,695,005)	$ 6,809,000	$ (387,936)	$ (4,372,199)	$ 4,337,997
16.3%	10.5%	10.7%	10.7%	8.1%	29.5%

City of Hutto, Texas

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept 30	Property Tax	Sales Tax	Franchise Tax	Hotel Tax	Mixed Beverage Tax	Total Tax
2013	$ 4,658,753	$ 1,909,486	$ 810,956	$ 93,780	$ 15,977	$ 7,488,952
2014	5,040,789	2,064,671	822,308	103,578	21,010	$ 8,052,356
2015	5,866,422	2,389,009	783,793	109,428	23,707	$ 9,172,359
2016	6,754,673	3,495,322	803,148	213,664	24,777	$ 11,291,584
2017	7,593,080	4,371,360	885,968	306,486	25,055	$ 13,181,949
2018	8,705,856	4,940,881	980,088	271,387	27,273	$ 14,925,485
2019	9,722,040	5,712,679	909,969	227,350	32,617	$ 16,604,655
2020	12,482,175	7,093,199	953,918	144,213	30,195	$ 20,703,700
2021	12,432,005	6,453,633	968,676	204,573	43,561	$ 20,102,448
2022	14,160,440	7,561,125	1,064,071	294,103	51,709	$ 23,131,448

Source: Williamson County Appraisal District

City of Hutto, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept 30	Real Property Residential Property	Real Property Commercial Property	Real Property Agriculture Property	Personal Property	Less: Tax Exempt Real Property
2013	$ 716,774,789	$ 227,069,968	$ 36,823,021	$ 28,912,381	$ 102,790,548
2014	776,158,000	229,919,159	35,567,372	28,444,670	105,051,385
2015	938,622,819	266,904,135	32,176,890	35,558,466	125,215,008
2016	1,093,081,214	281,874,861	34,381,176	55,781,480	126,838,459
2017	1,432,904,960	311,575,540	37,312,383	55,526,536	232,754,460
2018	1,636,266,567	363,048,248	32,169,077	68,388,474	243,116,585
2019	1,779,137,209	416,853,580	34,785,783	61,158,345	235,471,462
2020	1,860,425,948	518,135,248	55,836,722	84,314,246	362,181,190
2021	2,439,451,059	669,325,478	50,446,492	139,205,608	476,900,361
2022	2,448,116,637	672,807,537	50,736,736	141,670,629	358,112,528

Source: Williamson County Appraisal District

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 906,789,611	0.5287	$ 906,789,611	100%
965,037,816	0.5287	965,037,816	100%
1,148,047,302	0.5287	1,148,047,302	100%
1,338,280,272	0.5285	1,338,280,272	100%
1,604,564,959	0.5204	1,604,564,959	100%
1,856,755,781	0.5152	1,856,755,781	100%
2,056,463,455	0.5152	2,058,487,940	100%
2,156,530,974	0.6314	2,156,530,974	100%
2,821,528,276	0.60000	2,821,528,276	100%
2,955,219,011	0.53640	2,955,219,011	100%

City of Hutto, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	City of Hutto			County			
Fiscal Year	Basic	Debt Service	Total City	Operating	Debt Service	RD/FM Operating	Total County
2013	0.4417	0.0870	0.5287	0.2815	0.1675	0.0400	0.4890
2014	0.4417	0.0870	0.5287	0.2815	0.1675	0.0400	0.4890
2015	0.4318	0.0969	0.5287	0.2790	0.1675	0.0400	0.4865
2016	0.4365	0.0920	0.5285	0.2740	0.1675	0.0400	0.4815
2017	0.4293	0.0911	0.5204	0.2690	0.1675	0.0400	0.4765
2018	0.4165	0.0987	0.5152	0.2515	0.1675	0.0400	0.4590
2019	0.3893	0.1259	0.5152	0.2429	0.2016	0.0400	0.4845
2020	0.3978	0.2336	0.6314	0.2429	0.1676	0.0400	0.4504
2021	0.4055	0.1944	0.5999	0.2515	0.1672	0.0400	0.4587
2022	0.3803	0.1561	0.5364	0.2358	0.1650	0.0400	0.4408

Source: Williamson County Appraisal District

School Districts						
Operating	Debt Service	EWCHEC BMT	Total School	ESD #3 Special Districts	LBC WC& ID	Total Direct & Overlapping Rates
1.1700	0.5000	0.0500	1.7200	0.1000	n/a	2.8377
1.1700	0.5000	0.0500	1.7200	0.1000	n/a	2.8377
1.1700	0.5000	0.0498	1.7198	0.1000	n/a	2.8350
1.1700	0.5000	0.0459	1.7159	0.1000	n/a	2.8259
1.1700	0.4955	0.0457	1.7112	0.1000	n/a	2.8081
1.1700	0.4300	0.0453	1.6453	0.0964	n/a	2.7159
1.1700	0.4300	0.0400	1.6400	0.1200	n/a	2.7597
1.0684	0.4649	0.0426	1.5759	0.0885	0.0200	2.7662
1.0065	0.4600	0.0484	1.5149	0.1000	0.0200	2.6935
0.9429	0.4500	0.0383	1.4312	0.1000	0.0191	2.5277

City of Hutto, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2022			
Taxpayer		**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
North Creek Luxury Apartment Homes	$	57,645,557	1	2.0%
Emory Residential LP		47,664,670	2	1.6%
Oncor Electric Delivery		38,157,487	3	1.3%
Centerpoint Properties Trust		26,661,021	4	0.9%
Paradigm Manufacturing		19,312,588	5	0.7%
Continental Homes of Texas		17,897,931	6	0.6%
A-S 64 CR 119 Hwy 79 LP		17,554,843	7	0.6%
Centerpoint Properties Trust		16,534,621	8	0.6%
Dogwood Propco Tx II LLP		15,955,490	9	0.5%
Meritage Homes of Texas LLC		14,420,629	10	0.5%
Total	$	271,804,837		
Total Assessed Value	$	2,955,219,011		

Source: Williamson County Appraisal District

Taxpayer	2013 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lowes Home Center Inc.	$ 10,549,413	1	1.2%
Matthews-Barnes Brothers	9,557,605	2	1.1%
HD Development Properties	7,568,788	3	0.8%
Oncor Electric Delivery	6,822,032	4	0.8%
Lowes Home Center #2670	5,703,806	5	0.6%
Home Depot #8439	4,613,664	6	0.5%
Six Storage Partners	3,278,052	7	0.4%
A-S 64 CR 119 Hwy 79	3,254,821	8	0.4%
Ronald E. Scharfe	3,171,482	9	0.3%
Hutto Development LTD	3,072,135	10	0.3%
	$ 57,591,798		
	$ 906,789,611		

City of Hutto, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levey for Fiscal Year	Adjustments	Adjusted Levy	Collected within the Fiscal year of the Levy: Amount	Collected within the Fiscal year of the Levy: Percentage of Tax Levy
2013	$ 4,651,304	$ 2,990	$ 4,654,294	$ 4,639,527	99.68%
2014	5,024,095	5,644	5,029,739	5,013,577	99.68%
2015	5,830,842	4,059	5,834,901	5,818,176	99.71%
2016	6,692,077	(1,233)	6,690,844	6,674,448	99.75%
2017	7,603,206	(414)	7,602,792	7,601,046	99.98%
2018	8,509,805	1,201	8,511,006	8,497,883	99.85%
2019	9,707,463	33,747	9,741,210	9,639,860	98.96%
2020	13,266,310	46,052	13,312,362	13,231,792	99.39%
2021	13,209,909	(40,901)	13,169,008	13,164,646	99.97%
2022	15,049,548	(56,126)	14,993,422	14,985,933	99.95%

Source: Williamson County Tax Office

Collection in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
12,637	4,652,164	99.95%
13,501	5,027,078	99.95%
14,093	5,832,269	99.95%
13,573	6,688,021	99.96%
(1,704)	7,599,342	99.95%
8,757	8,506,640	99.95%
95,574	9,735,434	99.94%
69,273	13,301,065	99.92%
1,878	13,166,524	99.98%
-	14,985,933	99.95%

City of Hutto, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

	Governmental Activities					
Fiscal Year	**Certificates of Obligation Bonds**	**General Obligation Bonds ***	**Tax Notes**	**Revenue Bonds**	**Notes Payable**	**Leases**
2013	$ 5,731,830	$ 12,866,945	$ -	$ -	$ -	$ 565,382
2014	5,564,513	12,720,822	-	-	-	589,046
2015	4,295,961	13,480,235	-	-	-	714,524
2016	4,158,925	19,592,517	-	-	-	916,600
2017	4,208,868	19,177,117	3,223,350	-	-	804,952
2018	20,404,017	14,055,722	3,015,300	9,155,000	-	593,968
2019	13,846,524	44,925,280	2,721,750	33,145,000	4,516,223	747,496
2020	13,674,557	43,553,461	2,322,750	24,060,000	28,971,223	450,948
2021	12,721,078	43,533,899	1,818,300	30,120,000	38,993,191	-
2022	12,113,800	42,125,270	1,234,050	53,098,000	33,644,435	399,240

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

* Includes premiums/discounts

Business-type Activities						
Certificates of Obligation Bonds	General Obligation Bonds	Tax Notes	Leases	Total Primary Government	Percentage of Personal Income	Per Capita
$ 36,982,831	$ 3,138,055	$ -	$ 23,201	$ 59,308,244	10.66%	$ 2,858
36,003,543	3,129,178	-	60,648	58,067,750	9.68%	2,640
50,233,450	9,979,765	-	269,022	78,972,957	11.88%	3,468
49,038,550	9,897,483	-	156,189	83,760,264	10.20%	3,497
47,234,406	9,647,883	2,431,650	120,644	86,848,870	10.15%	2,992
110,505,049	20,594,152	2,274,700	84,962	180,682,870	20.73%	6,102
100,628,476	27,896,012	2,053,250	100,260	230,580,271	25.12%	7,573
108,485,443	27,868,425	1,752,250	21,205	251,160,262	26.31%	8,104
98,133,543	35,789,708	1,371,700	-	262,481,419	23.29%	6,764
97,506,200	33,837,146	930,950	42,008	274,931,099	18.57%	6,325

City of Hutto, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value[1] of Property	Per Capita[2]
2013	$ 16,005,000	$ 249,281	$ 15,755,719	1.74%	$ 759
2014	15,850,000	199,667	15,650,333	1.62%	712
2015	23,460,000	83,925	23,376,075	2.04%	1,026
2016	29,490,000	98,869	29,391,131	2.20%	1,227
2017	28,825,000	218,657	28,606,343	1.78%	985
2018	34,649,874	327,535	34,322,339	1.85%	1,159
2019	72,821,292	204,877	72,616,415	3.53%	2,385
2020	71,421,886	1,109,252	70,312,634	3.26%	2,269
2021	79,323,607	1,159,925	78,163,682	2.77%	2,014
2022	75,962,416	1,564,023	74,398,393	2.52%	1,711

[1] See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

[2] Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Hutto, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2022 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Hutto Independent School District	$ 444,952,832	50.93%	$ 226,614,477
Williamson County	1,109,300,000	3.17%	35,164,810
Upper Brushy Creek WCID	51,965,000	3.30%	1,714,845
Subtotal, overlapping debt			263,494,132
City of Hutto, direct debt	142,614,795	100%	142,614,795
Total direct and overlapping debt			$ 406,108,927

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of the City of Hutto. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Debt outstanding estimates and percentage of debt provided by the Municipal Advisory Council of Texas.

City of Hutto, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

	2022	2021	2020	2019
Assessed Valuation	$4,039,342,703	$ 2,821,528,276	$ 2,142,472,527	$ 2,058,487,940
Allowable tax levy for annual debt serv. purpose: $1.50 per $100 of assessed valuation, assuming 90% collection rate	54,531,126	38,090,632	28,923,366	27,789,587
Annual Debt Service Requirements	7,925,365	4,778,235	4,019,457	2,430,403
Legal debt margin for annual debt service requirements	46,605,761	33,312,397	24,903,909	25,359,184
Total net debt applicatble to limit as a percentage of debt limit	14.53%	12.54%	13.90%	8.75%

Note: All taxable property within the City is subject to the assessment, levy and collection of the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on the Bonds within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the maximum ad valorem tax rate to $2.50 per $100 assessed valuation (for all City purposes). Under rules promulgated by the Office of the Attorney General of Texas, such office will not approve tax bonds of the City unless the City can demonstrate its ability to pay debt service requirements on all outstanding City tax bonds, including the issue to be approved, from a tax levey of $1.50 per $100 of valuation, based on 90% collection of tax.

2018	2017	2016	2015	2014	2013
$1,856,755,781	$ 1,604,564,959	$ 1,338,280,272	$ 1,148,047,302	$ 965,037,816	$ 906,789,611
25,066,203	21,661,627	18,066,784	15,498,639	13,028,011	12,241,660
2,205,558	1,534,995	1,353,690	1,377,578	1,033,075	660,235
22,860,645	20,126,632	16,713,094	14,121,061	11,994,936	11,581,425
8.80%	7.09%	7.49%	8.89%	7.93%	5.39%

CITY OF HUTTO

City of Hutto, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population[1]	Personal Income	Per Capita Personal Income		School Enrollment[3]	Unemployment Rate[4]
2013	20,752	$ 556,607,000	$ 26,478	2	5,877	6.2%
2014	21,992	599,894,000	26,822	2	5,924	5.4%
2015	22,773	664,549,000	27,278	2	6,187	4.6%
2016	23,955	821,416,000	34,290	2	6,946	3.6%
2017	29,029	855,422,000	29,468	2	7,231	3.4%
2018	29,609	871,675,000	29,440	2	7,592	3.4%
2019	30,448	917,885,000	30,146	2	7,900	2.9%
2020	30,993	954,522,000	30,798	2	8,000	3.0%
2021	38,807	1,126,839,000	29,037	2	8,421	3.6%
2022	43,470	1,480,892,000	34,067	2	9,623	3.6%

Data Sources:

1 City of Hutto Development Services Department

2 United States Census Bureau

3 Hutto Independent School District

4 Hutto Economic Development Corporation

City of Hutto, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

	2022		
Employer	**No. Employees** [1]	**Rank**	**Percentage of Total City Employment**
Hutto ISD	1,195	1	30.4%
Paradigm Metals	251	2	6.4%
Brycom	213	3	5.4%
HEB	200	4	5.1%
Home Depot	148	5	3.8%
Lowes	119	6	3.0%
City of Hutto	129	7	3.3%
Victory Plumbing Company	115	8	2.9%
AEND	74	9	1.9%
Western	65	10	1.7%
City of Hutto Total	2,509		63.8%

(1) Total city employment for year 2022 is 3,932, which is based on the change in unemployment rate and population.

Source: Hutto Economic Development Corporation, Dun & Bradstreet

Employer	2013 No. Employees[2]	Rank	Percentage of Total City Employment
Hutto ISD	686	1	15.7%
Dan Williams Co.	200	2	4.6%
Lonestar Infrastructure	200	3	4.6%
Lowes Home Improvement	125	4	2.9%
City of Hutto	86	5	2.0%
FL Crane & Sons	80	6	1.8%
Home Depot	80	7	1.8%
Texas Fixtures & Interiors	70	8	1.6%
Chili's Bar and Grill	60	9	1.4%
Covert Country Cars	60	10	1.4%
City of Hutto Total	1,647		37.7%

City of Hutto, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

	2022	2021	2020	2019	2018
Function / Program					
General government	55	41	42	70	44
Public safety:					
Police					
Officers	44	46	48	49	40
Civilians	2	2	2	2	3
Public works					
Administration	3	3	3	7	7
Maintenance	8	8	3	7	8
Water/Sewer	11	12	4	12	11
Parks and recreation	6	12	8	15	8
Total all funds	129	124	110	162	121

Source: City budget

2017	2016	2015	2014	2013
43	39	33	31	30
40	31	26	26	26
5	3	3	4	4
3	2	2	2	2
5	5	6	6	7
8	7	7	7	7
8	9	13	12	12
112	96	90	88	88

City of Hutto, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

	2022	2021	2020	2019
Function/Program				
Police				
Physical arrests	198	267	243	454
Class C Violations	2,633	2,918	1,939	3,365
Development services				
New building permits	3,379	3,379	2,205	1,622
Parks and recreation				
Athletic field permits is sues	90	90	-	245
Water				
New connections	706	621	585	296
Avg. daily consumption (thousands of gallons)	2,054	2,054	1,737	1,196
Sewer				
New connections	1,925	600	785	459
Avg. daily consumption (thousands of gallons)	1,865	1,865	2,260	3,980

Source: City departments

2018	2017	2016	2015	2014	2013
465	458	504	469	481	450
2,936	3,181	2,483	28,833	2,401	2,263
1,296	864	397	310	429	367
63	8	18	16	19	30
105	158	234	200	184	173
1,141	1,433	1,375	1,162	946	1,111
385	290	334	434	423	93
-	1,233	1,283	1,224	1,087	953

City of Hutto, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	**2022**	**2021**	**2020**	**2019**
Police				
Number of stations	1	1	1	1
Number of patrol units	38	45	46	46
Public works				
Streets (miles)	130	121.48	96.97	91.56
Parks and recreation				
Parks (acreage)	289	215	215	188
Parks	6	7	7	7
Water				
Water mains (miles)	124	86	86.12	82.35
Fire hydrants	902	848	743	689
Maximum daily capacity (gallons)	4,520	4,520	2,188	1,384
Sewer				
Sanitary sewer (miles)	115	90	89.73	83.51
Maximum daily capacity (gallons)	2,999	2,999	3,700	1,605

Source: City departments

2018	2017	2016	2015	2014	2013
1	1	1	1	1	1
46	31	31	29	24	29
84.47	81.49	80.50	78.79	65.44	63.55
188	188	188	188	188	188
6	6	6	6	6	6
75.94	74.36	74.36	71.28	66.17	62.86
616	596	570	545	521	488
1,285	2,400	2,400	2,400	2,400	2,400
78.13	74.41	73.38	68.55	63.00	63.00
1,594	1,700	1,700	1,700	1,700	1,700