



## Communication with Those Charged with Governance at the Conclusion of the Audit

February 13, 2023

To the Members of Council  
of the Town of Quintana  
Quintana, Texas

We have audited the financial statements of general fund - modified cash basis of the Town of Quintana (the "Town") for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates which are affecting the Town's financial statements.

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

#### *Difficulties Encountered in Performing the Audit*

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

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8 W Way Ct.  
Lake Jackson, TX 77566  
979-297-4075

**El Campo**  
201 W. Webb St.  
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979-543-6836

**Angleton**  
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Angleton, TX 77515  
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**Bay City**  
2245 Avenue G  
Bay City, TX 77414  
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To the Members of Council  
of the Town of Quintana  
Quintana, Texas  
February 13, 2023  
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### Significant Audit Findings - Continued

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 13, 2023.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### Other Matters

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

To the Members of Council  
of the Town of Quintana  
Quintana, Texas  
February 13, 2023  
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Restriction on Use

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

Very truly yours,

***KM&L, LLC***

**TOWN OF QUINTANA**  
QUINTANA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2022



**8 WEST WAY COURT**  
**LAKE JACKSON, TEXAS 77566**

**TOWN OF QUINTANA**

Quintana, Texas

Annual Financial Report  
For the Year Ended September 30, 2022

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**FINANCIAL SECTION**



## Independent Auditor's Report

To The Honorable Mayor and  
Members of Town Council  
Town of Quintana  
Quintana, Texas

### **Opinion**

We have audited the accompanying modified cash basis financial statements of the general fund of the Town of Quintana, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the general fund of the Town of Quintana, State Texas, as of September 30, 2022, and the changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis for Opinion**

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

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the general fund and do not purport to, and do not, present fairly the financial position of the Town of Quintana, Texas, as of September 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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

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

In performing an audit in accordance with generally accepted auditing standards, 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 Town of Quintana, State Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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.



To The Honorable Mayor and  
Members of Town Council  
Town of Quintana  
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**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Quintana, Texas' basic financial statements. The statement of revenue, expenditures and change in fund balance - modified cash basis budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The statement of revenue, expenditures and change in fund balance - modified cash basis budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***KM&L, LLC***

Lake Jackson, Texas  
February 13, 2023

**TOWN OF QUINTANA**

Quintana, Texas

**BALANCE SHEET - MODIFIED CASH BASIS - GENERAL FUND**

September 30, 2022

**ASSETS**

Cash and cash equivalents

\$ 5,384,498

Total assets

\$ 5,384,498

**LIABILITIES AND FUND BALANCE**

Liabilities:

Refundable deposits

\$ 1,940

Total liabilities

1,940

Fund Balance:

Restricted for public improvements

71,962

Unassigned

5,310,596

Total fund balance

5,382,558

Total liabilities and fund balance

\$ 5,384,498

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

**TOWN OF QUINTANA**  
Quintana, Texas

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - MODIFIED CASH BASIS - GENERAL FUND**

For the Year Ended September 30, 2022

REVENUES:

Taxes	
Property	\$ 1,147
Sales	27,130
Franchise	105
Industrial district payments	1,389,527
Water services	12,722
Investment earnings	18,117
Other	<u>9,776</u>
 Total revenues	 <u>1,458,524</u>

EXPENDITURES:

Administration	845,901
Legal & engineering	77,411
Parks	2,214
Projects	95,978
Public service	57,517
Roads	1,506,215
Town hall	63,000
Water system	<u>107,968</u>
 Total expenditures	 <u>2,756,204</u>

Net change in fund balance ( 1,297,680)

Fund balance - beginning 6,680,238

Fund balance - ending \$ 5,382,558

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

**TOWN OF QUINTANA**

Quintana, Texas

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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# TOWN OF QUINTANA

Quintana, Texas

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Quintana, Texas (the Town) is a political subdivision of the State of Texas, incorporated as a General Law Municipality, and is governed by an elected mayor and five-member council.

#### Basis of Accounting

The Town prepares its financial statements on the modified cash basis of accounting. This is an accounting method that is different from generally accepted accounting principle which is on the accrued basis. The cash basis of accounting recognizes revenues when cash is received versus the accrual basis which records revenues when earned, regardless of the time of receipt of cash. Expenditures under the cash basis are generally recognized when cash is disbursed versus the accrual basis which recognizes expenditures when liabilities are incurred, regardless of the timing of the cash disbursement.

The Town's financial statements are prepared with a modification to the cash basis of accounting, in that liabilities that arise from cash transactions are included in the financial statements, when applicable. These liabilities include items associated with payroll transactions that have resulted in a cash disbursement. Another liability arising from cash collection would be the collection of security deposits from Town residents for bottled water dispensers. These cash collections do not reflect revenue as they are payable back to the residents upon return of the bottled water dispensers. The Town's financial statements do not reflect other accrual basis type accounts such as receivables, other liabilities, or any capital assets or long-term liabilities.

#### Reporting Entity

The Town is considered an independent entity for financial reporting purposes and is considered a primary government. These basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the Town's financial reporting entity. Based on these considerations, the Town's basic financial statements do not include any other entities. Additionally, as the Town is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the Town's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the Town is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the Town's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

# TOWN OF QUINTANA

Quintana, Texas

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Major Governmental Fund

The Town has one governmental fund:

The *General Fund* is the Town's only fund. It accounts for all financial resources of the Town. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs are paid from the general fund.

The financial statements present only the general fund and do not include other funds and government-wide financial statements.

#### Budgetary Data

The Town adopts annual budgets for the general fund. The budget is prepared in accordance with the modified cash basis of accounting. The appropriated budget is prepared for the general fund by function and classification.

#### Encumbrances

The Town does not employ a complete purchase order system for all expenditures and therefore does not utilize encumbrance accounting. Appropriations lapse at the end of the fiscal year.

#### Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Town. Investments are stated at fair value. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements, and other such securities or obligations as allowed in the Public Funds Investment Act (PFIA) as approved by the Town's Council. The Town's management believes it has complied with the requirements of the PFIA and the Town's investment policy.

#### Fund Balance

**Nonspendable Fund Balance** - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

**Restricted Fund Balance** - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation). The Town reports a restricted fund balance which represents an amount legally or contractually obligated for certain purposes. During the 2015 fiscal year, Freeport LNG, provided funding for public improvements to the Town in the amount of \$ 1,000,000. The amount remaining in the restricted fund balance was \$ 71,962 as of September 30, 2022.

**TOWN OF QUINTANA**

Quintana, Texas

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance - Continued

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal ordinance by the Town Council. At September 30, 2022, there are no commitments of fund balances

Assigned Fund Balance - Amounts that are constrained by the Town's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Town Council, or by its designated officials. At September 30, 2022, there are no assignments of fund balances.

Unassigned Fund Balance - This is the residual classification of the general fund. Unassigned fund balance was \$ 5,120,596 at September 30, 2022.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

**NOTE 2 - INDUSTRIAL DISTRICT PAYMENTS AND RISK CONCENTRATION**

The Town is receiving payments from one entity that has substantial operating facilities within the Town's taxable jurisdiction. This entity has a contractual agreement with the Town that stipulates annual payments in lieu of property taxes. For the year ended September 30, 2022 these payments totaled \$ 1,319,587 which represents approximately 90.5% of the Town's annual revenues.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Town classifies deposits and investments for financial statement purposes as cash and cash equivalents, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose a cash equivalent is one that when purchased had a maturity date of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of more than one year.

Cash and cash equivalents and investments, as reported on the balance sheet-modified cash basis at September 30, 2022 are as follows:

	<u>Total</u>
Cash and Cash Equivalents:	
Demand deposits	\$ 3,792,750
Texpool	<u>1,591,748</u>
 Total cash and temporary investments	 \$ <u>5,384,498</u>

**TOWN OF QUINTANA**  
Quintana, Texas

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 3 - DEPOSITS AND INVESTMENTS - Continued**

**Deposits**

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. The Town requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities (or other security) with the Town or an independent third party agent, an amount equal to the highest daily balance of all deposits the Town may have during the term of the depository contract, less any applicable FDIC insurance.

At September 30, 2022, the carrying amount of the Town's cash, savings, and time deposits was \$ 3,792,750. The financial institutions balances were \$ 3,852,340 at September 30, 2022. Bank balances of \$ 250,000 were covered by federal depository insurance, \$ 3,602,340 was covered by collateral pledged in the Town's name.

**Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the Town to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies.

The Town's investment policy authorizes investments governed by the Public Funds Investment Act (PFIA). The Town's management believes it complied with the requirements of the PFIA and the Town's investment policy.

The Town participates in a Local Government Investment Pools (LGIPs): TexPool. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller.

The Town invests in TexPool to provide its liquidity needs. TexPool is local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool is 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. TexPool is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2022 TexPool had a weighted average maturity of 25 days. Although TexPool had a weighted average maturity of 25 days, the Town considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.



# TOWN OF QUINTANA

Quintana, Texas

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

#### Investments - Continued

The following table includes the portfolio balances of all investment types of the Town at September 30, 2022.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Texpool	\$ <u>1,591,748</u>	25

Credit Risk - The Town's policy requires that the investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency. As of September 30, 2022, the LGIP's (which represent approximately 100.00% of the portfolio are rated AAAM by Standard and Poor's.

Interest Rate Risk - 100% of the Town's investment is in TexPool which can usually be redeemed each day at the discretion of the shareholder, and meets the Town's cash flow requirements.

#### Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Town had no assets or liabilities that were required to be reported as a part of the investment hierarchy at September 30, 2022.

**TOWN OF QUINTANA**  
Quintana, Texas

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2022

NOTE 4 - EVALUATION OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events through February 7, 2023, the date which the financial statements were available to be issued.

NOTE 5 - OTHER DISCLOSURES

The following disclosure is not required for general fund financial reporting but is presented because of its significance to Town's financial reporting, and for the purposes of providing additional information to financial statement users.

Employee Retirement Plan

The Town participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

Benefits Provided

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

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	0
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>9</u>
	17

Governments reporting under generally accepted accounting principles, began reporting net pension asset/liabilities, and related note disclosures during the 2015 fiscal year in governmental-wide financial statements. The TMRS measurement date is December 31<sup>st</sup> of each year, and information provided does not match with the Town's fiscal year-end. As of December 31, 2021, The Town's total pension liability exceeded the plan fiduciary net position in the amount of \$ 3,743 resulting in a net pension liability. This net pension liability is not included in general fund financial statements.

**SUPPLEMENTARY INFORMATION**

**TOWN OF QUINTANA**

Quintana, Texas

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 2,200	\$ 2,200	\$ 1,147	\$( 1,053)
Sales	7,500	7,500	27,130	19,630
Franchise	500	500	105	( 395)
Industrial district payments	1,435,000	1,435,000	1,389,527	( 45,473)
Water services	12,000	12,000	12,722	722
Investment earnings	5,500	5,500	18,117	12,617
Other	1,500	1,500	9,776	8,276
Total revenues	<u>1,464,200</u>	<u>1,464,200</u>	<u>1,458,524</u>	<u>( 5,676)</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Advertising	2,500	2,500	769	1,731
Auditing/Bookkeeping	22,000	23,000	23,491	( 491)
Bank charges	200	200	235	( 35)
Contingency	30,000	30,000	48,439	( 18,439)
Education	5,000	5,000	-	5,000
Election	5,000	5,000	915	4,085
EMC/Emergency	25,000	30,100	29,797	303
Equipment purchase	100,000	100,000	-	100,000
Equipment repair	7,500	7,500	4,772	2,728
Internet provider services	16,000	16,000	11,740	4,260
IT and support	20,000	20,000	11,962	8,038
Legal notice	750	750	49	701
Mayor/Council	100,400	100,400	72,782	27,618
Council health insurance	210,000	210,000	165,144	44,856
Memberships	40,000	40,000	34,391	5,609
Mileage	7,500	7,500	910	6,590
Office supplies	7,500	7,500	5,573	1,927
Contract labor/police services	55,000	55,000	47,351	7,649
Payroll city administrator	145,000	145,000	159,022	( 14,022)
Payroll hourly assistant	70,000	70,000	73,880	( 3,880)
Payroll hourly maintenance	48,500	48,500	44,699	3,801
Payroll overtime	10,000	10,000	618	9,382
Other payroll	40,000	40,000	3,173	36,827
Payroll taxes	37,000	37,000	26,652	10,348
Retirement	39,000	39,000	31,768	7,232
Employee health insurance	60,000	60,000	47,769	12,231
Total administration	<u>1,103,850</u>	<u>1,109,950</u>	<u>845,901</u>	<u>264,049</u>

continued

**TOWN OF QUINTANA**

Quintana, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL - Continued  
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Legal and Engineering:				
Attorney	\$ 50,000	\$ 57,500	\$ 76,091	\$( 18,591)
Engineering	10,000	10,000	-	10,000
Ordinances	5,000	5,000	1,307	3,693
Tax assessor collector fees	1,000	1,000	13	987
Total legal and engineering	66,000	73,500	77,411	( 3,911)
Parks:				
Trees and plants	25,000	25,000	2,214	22,786
Bird sanctuary	10,000	10,000	-	10,000
Morrison park	3,000	3,000	-	3,000
Pavilion	2,000	2,000	-	2,000
Park signs	1,000	1,000	-	1,000
Playground maintenance	14,000	14,000	-	14,000
Xeriscape	1,000	1,000	-	1,000
Total parks	56,000	56,000	2,214	53,786
Projects:				
Beach cleanup – county interlocal	95,000	95,000	95,000	-
Beach improvement	5,000	5,000	978	4,022
Total projects	100,000	100,000	95,978	4,022
Public service:				
Garage pickup	5,000	7,500	9,620	( 2,120)
Port-a-potty	8,000	8,000	7,897	103
Public safety City of Freeport	45,000	45,000	40,000	5,000
Street lights	3,500	3,500	-	3,500
Total public service	61,500	64,000	57,517	6,483
Roads:				
Capital projects	2,000,000	2,000,000	1,486,273	513,727
Repair	10,000	10,000	17,722	( 7,722)
Signs	3,000	3,000	2,220	780
Total roads	2,013,000	2,013,000	1,506,215	506,785

continued

## TOWN OF QUINTANA

Quintana, Texas

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL - Continued For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Town Hall:				
Beautification	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Utilities	15,000	21,800	21,642	158
Insurance - property	50,000	50,000	18,702	31,298
Landscaping/mowing	36,000	36,000	665	35,335
Maintenance/repairs	5,000	5,000	4,186	814
Fuel	15,000	15,000	2,547	12,453
Capital outlay	20,000	20,000	-	20,000
Contingency	-	-	1,408	( 1,408)
Other	-	-	13,850	( 13,850)
Total town hall	<u>146,000</u>	<u>152,800</u>	<u>63,000</u>	<u>89,800</u>
Water System:				
BCGCD fees	2,500	2,500	780	1,720
WIFI/Security	10,000	10,000	1,788	8,212
Electric	7,000	7,000	-	7,000
Lab fees	7,500	7,500	6,501	999
Repairs and maintenance operator	50,000	75,000	82,567	( 7,567)
Parts and material	-	-	16,332	( 16,332)
Penalties	1,000	1,000	-	1,000
Capital outlay	50,000	50,000	-	50,000
Total water system	<u>128,000</u>	<u>153,000</u>	<u>107,968</u>	<u>45,032</u>
Total expenditures	<u>3,674,350</u>	<u>3,722,250</u>	<u>2,756,204</u>	<u>966,046</u>
Net change in fund balance	( 2,210,150)	( 2,258,050)	( 1,297,680)	960,370
Fund balance - beginning	<u>6,680,238</u>	<u>6,680,238</u>	<u>6,680,238</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,470,088</u>	<u>\$ 4,422,188</u>	<u>\$ 5,382,558</u>	<u>\$ 960,370</u>



## Communication of No Material Weaknesses in a Separate Report

To the Honorable Mayor and  
Members of Town Council for the  
Town of Quintana  
Quintana, Texas

In planning and performing our audit of the financial statements of the general fund of Town of Quintana (the "Town") 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 Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

This communication is intended solely for the information and use of management or council members of the Town of Quintana and is not intended to be used by anyone other than these specified parties.

### ***KM&L, LLC***

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February 13, 2023

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