

CITY OF MINERAL WELLS, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

CITY OF MINERAL WELLS, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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**City of Mineral Wells, Texas
Official Roster
September 30, 2023**

City Council

<u>Name</u>	<u>Title</u>
Regan Johnson	Mayor
Kyle Kelley	City Councilor
Glenn Mitchell	City Councilor
Jerrel Tomlin	City Councilor
Carlos Maldonado	City Councilor
Beth Watson	City Councilor
Doyle Light	City Councilor

Administration

Dean Sullivan	City Manager
Sharon McFadden	City Clerk
Jason Breisch	Finance Director
Bobbi Coe	Senior Accounting Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Mineral Wells, Texas

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mineral Wells, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mineral Wells, Texas' 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, each major fund, and the aggregate remaining fund information of the City of Mineral Wells, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Palo Pinto County Municipal Water District No. 1, which is a major enterprise fund, and 56.4 percent, 50.4 percent, and 17.0 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Palo Pinto County Municipal Water District No. 1, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mineral Wells, 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mineral Wells, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Mineral Wells, 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mineral Wells, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mineral Wells, Texas' basic financial statements. The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information is comprised of the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024 on our consideration of the City of Mineral Wells, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mineral Wells, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mineral Wells, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 2, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$92,945,526 (net position). Of this amount, \$24,449,824 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation.
- The City's total net position increased by \$3,828,009, primarily caused by increases to property and sales tax revenues as well as operating grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,719,765. 80.81% of this total amount, \$7,486,909 (unassigned fund balance) is available for use at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,486,909 or 45.70% of the total general fund expenditures. Sound financial management practices call for at least 25% of unassigned fund balance to general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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 two categories: governmental funds and proprietary funds.

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

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

The City maintains eleven 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 and the American Rescue Plan Act Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregation presentation.

- **Proprietary Funds.** The City maintains one category of *proprietary funds*-Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitation and airport operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund, and information concerning the City's net pension and total OPEB liability.

Combining and fund statements are presented following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,945,526 as of September 30, 2023.

The largest portion of the City's net position, \$60,671,300 (65.28%) reflects its investments in capital assets (e.g., land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$7,824,402 (8.42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$24,449,824 (26.31%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2023, the City was able to report positive balances in all three categories of net position for both governmental activities and business-type activities. The following table shows the condensed Statement of Net Position for the City for the current and prior fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 21,503,475	\$ 21,141,004	\$ 15,548,009	\$ 22,016,848	\$ 37,051,484	\$ 43,157,852
Capital assets	30,117,365	28,539,952	63,097,331	58,180,758	93,214,696	86,720,710
Total assets	<u>51,620,840</u>	<u>49,680,956</u>	<u>78,645,340</u>	<u>80,197,606</u>	<u>130,266,180</u>	<u>129,878,562</u>
Deferred outflows of resources	2,325,256	682,222	1,022,286	266,462	3,347,542	948,684
Long-term liabilities						
outstanding	11,853,531	9,155,691	22,495,501	22,847,485	34,349,032	32,003,176
Other liabilities	3,754,073	5,857,073	1,031,021	1,233,044	4,785,094	7,090,117
Total liabilities	<u>15,607,604</u>	<u>15,012,764</u>	<u>23,526,522</u>	<u>24,080,529</u>	<u>39,134,126</u>	<u>39,093,293</u>
Deferred inflows of resources	1,389,423	3,072,062	144,647	654,167	1,534,070	3,726,229
Net position:						
Net investment in capital assets	21,315,469	19,534,348	39,355,831	41,353,072	60,671,300	60,887,420
Restricted	5,211,590	5,728,317	2,612,812	2,886,583	7,824,402	8,614,900
Unrestricted	<u>10,422,010</u>	<u>7,015,687</u>	<u>14,027,814</u>	<u>11,489,717</u>	<u>24,449,824</u>	<u>18,505,404</u>
Total net position	<u>\$ 36,949,069</u>	<u>\$ 32,278,352</u>	<u>\$ 55,996,457</u>	<u>\$ 55,729,372</u>	<u>\$ 92,945,526</u>	<u>\$ 88,007,724</u>

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2023. Governmental activities increased the City's net position by \$788,853. Business-type activities increased the City's net position by \$728,417. The following table shows the condensed Statement of Activities for the current and prior fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,174,365	\$ 1,791,717	\$ 16,478,008	\$ 16,919,262	\$ 18,652,373	\$ 18,710,979
Operating grants and contributions	1,950,955	692,124	18,311	-	1,969,266	692,124
Capital grants and contributions	69,361	-	20,768	-	90,129	-
General revenues:						
Property taxes	6,914,679	6,602,817	-	-	6,914,679	6,602,817
Other taxes	7,880,894	6,479,276	-	-	7,880,894	6,479,276
Miscellaneous	819,809	354,027	604,759	1,035,379	1,424,568	1,389,406
Total revenues	19,810,063	15,919,961	17,121,846	17,954,641	36,931,909	33,874,602
Expenses:						
Administrative	1,930,837	1,636,430	-	-	1,930,837	1,636,430
Finance	639,907	634,843	-	-	639,907	634,843
Fleet maintenance	-	886,561	-	-	-	886,561
Police	4,421,891	3,696,397	-	-	4,421,891	3,696,397
Fire/EMS	3,912,842	3,418,393	-	-	3,912,842	3,418,393
Inspections	518,557	468,814	-	-	518,557	468,814
Streets	3,044,415	2,347,956	-	-	3,044,415	2,347,956
Sanitation	225,034	212,814	-	-	225,034	212,814
Parks and recreation	1,195,730	1,141,875	-	-	1,195,730	1,141,875
Cemetery	340,877	284,507	-	-	340,877	284,507
Library	357,203	350,637	-	-	357,203	350,637
Economic development	783,594	584,000	-	-	783,594	584,000
Interest on long-term debt	220,455	221,361	-	-	220,455	221,361
Water and sewer	-	-	11,356,179	10,018,868	11,356,179	10,018,868
PPCMWD No. 1	-	-	1,947,221	1,573,677	1,947,221	1,573,677
Airport	-	-	2,152,573	2,066,701	2,152,573	2,066,701
Drainage utility	-	-	56,585	168,433	56,585	168,433
Total expenses	17,591,342	15,884,588	15,512,558	13,827,679	33,103,900	29,712,267
Increases before transfers	2,218,721	35,373	1,609,288	4,126,962	3,828,009	4,162,335
Transfers	1,342,203	1,885,385	(1,342,203)	(1,885,385)	-	-
Increase in net position	3,560,924	1,920,758	267,085	2,241,577	3,828,009	4,162,335
Net position, beginning	33,388,145	31,548,761	55,729,372	53,882,570	89,117,517	85,431,331
Prior period adjustment	-	(1,191,167)	-	(394,775)	-	(1,585,942)
Net position, ending	\$ 36,949,069	\$ 32,278,352	\$ 55,996,457	\$ 55,729,372	\$ 92,945,526	\$ 88,007,724

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported ending fund balances of \$15,719,765. \$7,486,909 (47.63%) of this total amount constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted or committed to indicate that it is not available for new spending. The most significant restrictions include \$3,826,427 for economic development, \$285,008 restricted for library, and \$256,400 restricted for debt service.

The General Fund is the primary operating fund of the City. The General Fund's fund balance increased by \$1,785,355. This was primarily caused by increased property tax and sales tax revenues that are reflective of the continued growth in the City's population and economy. In contrast, expenditures were relatively flat year-over-year.

The ARPA Fund, a major special revenue fund, fund balance increased by \$82,650. The fund is funded by ARPA grant funding. The increase in fund balance was a result of interest income on the unspent ARPA funds.

Proprietary funds. As mentioned earlier, the City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

At September 30, 2023, the proprietary fund had \$14,027,814 in unrestricted net position and total net position increased by \$267,085. The increase in net position was largely due to increases in charges for services revenue from increased demand for services.

General Fund Budgetary Highlights. Actual revenues exceeded budget by \$1,385,440 mainly due to increases in sales tax revenues and investment earnings. Expenditures were lower than appropriations by \$1,991,636 primarily due to cost savings.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, was \$93,214,696 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress.

Capital Assets at Year-end, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,031,143	\$ 2,031,143	\$ 12,744,743	\$ 7,979,020	\$ 14,775,886	\$ 10,010,163
Construction in progress	1,260,344	1,075,094	17,597,705	15,905,492	18,858,049	16,980,586
Buildings and improvements	2,410,313	2,549,062	1,260,005	1,432,625	3,670,318	3,981,687
Improvements other than buildings	989,759	1,042,614	5,933,481	6,361,445	6,923,240	7,404,059
Infrastructure	19,242,098	18,458,548	1,452,591	1,710,522	20,694,689	20,169,070
Distribution system	-	-	20,244,502	21,025,486	20,244,502	21,025,486
Collection System	-	-	2,047,622	2,165,773	2,047,622	2,165,773
Equipment and vehicles	3,978,150	3,270,541	1,618,653	1,384,746	5,596,803	4,655,287
Furniture and fixtures	205,558	112,950	2,832	3,752	208,390	116,702
Right-to-use lease asset	-	-	195,197	211,897	195,197	211,897
Total	<u>\$ 30,117,365</u>	<u>\$ 28,539,952</u>	<u>\$ 63,097,331</u>	<u>\$ 58,180,758</u>	<u>\$ 93,214,696</u>	<u>\$ 86,720,710</u>

Significant events related to capital assets during the year were primarily related to capital projects and new equipment purchases. In the governmental activities, approximately \$750,000 was added from the completion of ongoing street projects and the purchase of a fire pumper truck. In the business-type activities, approximately \$1.4 million was added from the Highway 180 West water line expansion and the replacement of aging public works equipment.

Additional information on the City's capital assets can be found in the notes to the financial statements.

Debt Administration

At the end of the current fiscal year, the City had total long-term debt of \$30,282,279. This represents an decrease of \$1,552,533 from the prior year due to continued payments of debt service.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenue bonds	\$ -	\$ -	\$ 15,855,000	\$ 17,025,000	\$ 15,855,000	\$ 17,025,000
General obligation bonds	4,620,000	4,765,000	4,745,000	4,900,000	9,365,000	9,665,000
Notes	2,147,642	1,889,298	272,474	365,135	2,420,116	2,254,433
Sales tax payable	524,252	659,013	-	-	524,252	659,013
TX Dept of Agriculture	1,237,945	1,406,633	-	-	1,237,945	1,406,633
Leases	-	-	17,237	45,079	17,237	45,079
Premium on bonds	272,057	285,660	279,882	293,876	551,939	579,536
Compensated Absences	222,161	150,087	88,629	50,031	310,790	200,118
Total	<u>\$ 9,024,057</u>	<u>\$ 9,155,691</u>	<u>\$ 21,258,222</u>	<u>\$ 22,679,121</u>	<u>\$ 30,282,279</u>	<u>\$ 31,834,812</u>

Additional information on the City's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Economic Factors and Next Year's Budgets and Rates. The total operating budget for the City includes all revenues, expenditures, and transfers anticipated in the upcoming year. This includes expenditures for items funded outside of the City, like grants for large projects and funds for programs received from other sources. The budget also includes the adoption of payments for debt services. The total Adopted Annual Budget for the 2023-2024 Fiscal Year is \$48,326,607, which is an increase of \$10,860,885, or 29.0% from the 2022-2023 Adopted Annual Budget of \$37,465,722.

Despite continuing supply chain and employment attrition issues, the City continued its upward trend of growth in Fiscal Year 2022-2023. During the FY2024-2025 Annual Budget workshops, the City will begin implementation of both its comprehensive plan and parks and recreation open spaces plan, narrowing the focus of the community for the foreseeable future. The 2018 General Obligation Bond Project is in the final stages of completion, and a majority of the City's \$3.46M allotment of American Rescue Plan Act funds has been allocated throughout various departments, including public safety and water distribution. With these funds, the City has purchased items that will provide quality services to its citizens.

The City of Mineral Wells has had a long history of budgeting conservatively. Due to this practice, our financial condition continues to grow strong. As a result, the City earned an AA- Rating with Fitch over the past fiscal year. In layman's terms, the City is on financially stable ground. This stability will allow the opportunity to utilize reserves in a responsible and prudent way that best benefits the citizens.

Moving forward into the next fiscal year, the City continues to monitor the ever-changing economic landscape. The local economy is projected to remain strong due in large part to a continuing influx of new retail, commercial, and food-related businesses and the ongoing renovation and restoration of the Baker Hotel. Approximately \$2.2M remains of the City's allocated American Rescue Plan Act funds. These funds have been committed to the purchase of police department vehicles, various equipment in the public works department, and replacing and restocking water meters throughout the City.

Request for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Hall, 115 SW 1st St, Mineral Wells, TX, or contact (940)328-7700.

**BASIC
FINANCIAL STATEMENTS**

CITY OF MINERAL WELLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,115,995	\$ 7,415,333	\$ 18,531,328
Investments	4,224,003	2,419,589	6,643,592
Receivables			
Taxes, net	2,279,027	-	2,279,027
Customer, net	1,077,003	1,715,064	2,792,067
Leases	1,072,458	-	1,072,458
Other	93,749	4,414	98,163
Internal balances	153,219	(153,219)	-
Prepaid expenses	54,921	181,232	236,153
Inventory	-	323,395	323,395
Total current assets	<u>20,070,375</u>	<u>11,905,808</u>	<u>31,976,183</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,024,372	3,642,201	4,666,573
Restricted investments	408,728	-	408,728
Capital assets, not being depreciated	3,291,487	14,037,758	17,329,245
Capital assets, being depreciated	76,668,677	98,771,870	175,440,547
Less accumulated depreciation	(49,842,799)	(49,712,297)	(99,555,096)
Total noncurrent assets	<u>31,550,465</u>	<u>66,739,532</u>	<u>98,289,997</u>
Total assets	<u>51,620,840</u>	<u>78,645,340</u>	<u>130,266,180</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions - TESRS	12,186	-	12,186
Related to pensions - TMRS	2,240,475	990,203	3,230,678
Related to OPEB	72,595	32,083	104,678
Total deferred outflows of resources	<u>2,325,256</u>	<u>1,022,286</u>	<u>3,347,542</u>
LIABILITIES			
Accounts payable	896,440	196,153	1,092,593
Accrued liabilities	447,841	352,957	800,798
Due to other governments	26,120	-	26,120
Unearned revenue	2,383,672	143,307	2,526,979
Customer deposits	-	338,604	338,604
Noncurrent liabilities:			
Due within one year:			
Long-term liabilities	731,952	1,147,975	1,879,927
Total OPEB liability	11,495	5,080	16,575
Due in more than one year:			
Long-term liabilities	8,292,105	20,110,247	28,402,352
Net pension liability - TESRS	29,952	-	29,952
Net pension liability - TMRS	2,421,836	1,070,357	3,492,193
Total OPEB liability	<u>366,191</u>	<u>161,842</u>	<u>528,033</u>
Total liabilities	<u>15,607,604</u>	<u>23,526,522</u>	<u>39,134,126</u>

CITY OF MINERAL WELLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Related to pensions - TESRS	\$ 150	\$ -	\$ 150
Related to pensions - TMRS	132,205	58,429	190,634
Related to OPEB	195,079	86,218	281,297
Related to leases	1,061,989	-	1,061,989
Total deferred inflows of resources	<u>1,389,423</u>	<u>144,647</u>	<u>1,534,070</u>
NET POSITION			
Net investment in capital assets	21,315,469	39,355,831	60,671,300
Restricted:			
Woodland Park	620,076	-	620,076
Economic development	3,826,427	-	3,826,427
Public safety	29,910	-	29,910
Library	285,008	-	285,008
Debt service	354,564	2,034,902	2,389,466
Capital projects	95,605	-	95,605
Endowment	-	577,910	577,910
Unrestricted	<u>10,422,010</u>	<u>14,027,814</u>	<u>24,449,824</u>
Total net position	<u>\$ 36,949,069</u>	<u>\$ 55,996,457</u>	<u>\$ 92,945,526</u>

CITY OF MINERAL WELLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/Program Activities	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government				
Administrative	\$ 1,930,837	\$ 398,438	\$ -	\$ -
Finance	639,907	194,572	-	-
Public safety				
Police	4,421,891	342,960	35,307	7,554
Fire/EMS	3,912,842	699,573	1,915,648	-
Public works				
Inspections	518,557	226,055	-	-
Streets	3,044,415	6,245	-	61,807
Sanitation	225,034	101,244	-	-
Culture and recreation				
Parks and recreation	1,195,730	100,194	-	-
Cemetery	340,877	101,532	-	-
Library	357,203	3,552	-	-
Economic development	783,594	-	-	-
Interest and other	220,455	-	-	-
Total governmental activities	<u>17,591,342</u>	<u>2,174,365</u>	<u>1,950,955</u>	<u>69,361</u>
Business-type activities:				
Water and sewer	11,356,179	11,939,205	18,311	20,768
PPCMWD No. 1	1,947,221	2,404,185	-	-
Airport	2,152,573	1,890,082	-	-
Drainage utility	56,585	244,536	-	-
Total Business-type activities	<u>15,512,558</u>	<u>16,478,008</u>	<u>18,311</u>	<u>20,768</u>
Total primary government	<u>33,103,900</u>	<u>18,652,373</u>	<u>1,969,266</u>	<u>90,129</u>

General revenues:

Taxes

Property

Sales and use

Franchise

Occupancy

Investment income

Other

Gain from disposal of assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position -ending

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,532,399)	\$ -	\$ (1,532,399)
(445,335)	(445,335)	
(4,036,070)	-	(4,036,070)
(1,297,621)	-	(1,297,621)
(292,502)	-	(292,502)
(2,976,363)	-	(2,976,363)
(123,790)	-	(123,790)
(1,095,536)	-	(1,095,536)
(239,345)	-	(239,345)
(353,651)	-	(353,651)
(783,594)	-	(783,594)
(220,455)	-	(220,455)
<u>(13,396,661)</u>	<u>-</u>	<u>(13,396,661)</u>
-	622,105	622,105
-	456,964	456,964
-	(262,491)	(262,491)
-	187,951	187,951
<u>-</u>	<u>1,004,529</u>	<u>1,004,529</u>
<u>(13,396,661)</u>	<u>1,004,529</u>	<u>(12,392,132)</u>
6,914,679	-	6,914,679
5,809,503	-	5,809,503
1,668,195	-	1,668,195
403,196	-	403,196
616,241	583,910	1,200,151
111,494	-	111,494
92,074	20,849	112,923
1,342,203	(1,342,203)	-
<u>16,957,585</u>	<u>(737,444)</u>	<u>16,220,141</u>
<u>3,560,924</u>	<u>267,085</u>	<u>3,828,009</u>
<u>33,388,145</u>	<u>55,729,372</u>	<u>89,117,517</u>
<u>\$ 36,949,069</u>	<u>\$ 55,996,457</u>	<u>\$ 92,945,526</u>

CITY OF MINERAL WELLS, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,509,208	\$ 2,479,277	\$ 5,127,510	\$ 11,115,995
Investments	3,796,054	-	427,949	4,224,003
Receivables				
Taxes, net	1,263,330	-	1,015,697	2,279,027
Customer, net	1,077,003	-	-	1,077,003
Leases	-	-	1,072,458	1,072,458
Other	93,743	-	6	93,749
Due from other funds	153,219	-	16,376	169,595
Prepaid items	54,921	-	-	54,921
Restricted assets				
Cash and cash equivalents	1,024,372	-	-	1,024,372
Investments	408,728	-	-	408,728
Total assets	<u>11,380,578</u>	<u>2,479,277</u>	<u>7,659,996</u>	<u>21,519,851</u>
LIABILITIES				
Accounts payable	771,744	-	124,696	896,440
Accrued liabilities	447,841	-	-	447,841
Due to other governments	26,120	-	-	26,120
Unearned revenue	-	2,383,672	-	2,383,672
Due to other funds	-	-	16,376	16,376
Total liabilities	<u>1,245,705</u>	<u>2,383,672</u>	<u>141,072</u>	<u>3,770,449</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Property taxes	68,315	-	98,164	166,479
Franchise taxes	126,202	-	-	126,202
EMS	507,723	-	-	507,723
Leases	-	-	1,061,989	1,061,989
Court fines	167,244	-	-	167,244
Total deferred inflows of resources	<u>869,484</u>	<u>-</u>	<u>1,160,153</u>	<u>2,029,637</u>
FUND BALANCES				
Nonspendable				
Prepaid items	54,921	-	-	54,921
Woodland Park	-	-	620,076	620,076
Restricted				
Economic development	-	-	3,826,427	3,826,427
Public safety	-	-	29,910	29,910
Library	-	-	285,008	285,008
Debt service	-	-	256,400	256,400
Capital projects	-	95,605	-	95,605
Committed				
Insurance premiums	985,381	-	-	985,381
Streets	-	-	1,340,950	1,340,950
Assigned for subsequent year's budget	738,178	-	-	738,178
Unassigned	7,486,909	-	-	7,486,909
Total fund balances	<u>9,265,389</u>	<u>95,605</u>	<u>6,358,771</u>	<u>15,719,765</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,380,578</u>	<u>\$ 2,479,277</u>	<u>\$ 7,659,996</u>	<u>\$ 21,519,851</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MINERAL WELLS, TEXAS

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

SEPTEMBER 30, 2023

Total fund balances - governmental funds \$ 15,719,765

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 30,117,365

Revenue reported as unavailable revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.

Property taxes	166,479
Franchise taxes	126,202
EMS	507,723
Municipal court fines	167,244

Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.

Bonds payable	(4,620,000)
Premiums and discounts on bonds payable	(272,057)
Sales tax payable	(524,252)
Texas Dept of Agriculture agreements	(1,237,945)
Notes payable	(2,147,642)
Compensated absences	(222,161)
Net pension liabilities	(2,451,788)
Total OPEB liability	(377,686)
Deferred outflows and inflows related to pensions	2,120,306
Deferred outflows and inflows related to other post-employment benefits	<u>(122,484)</u>
Net position of governmental activities	<u>\$ 36,949,069</u>

CITY OF MINERAL WELLS, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 5,505,825	\$ -	\$ 1,539,019	\$ 7,044,844
Sales and use	5,340,166	-	469,337	5,809,503
Franchise	1,541,993	-	-	1,541,993
Occupancy	-	-	403,196	403,196
Intergovernmental	49,886	1,393,346	-	1,443,232
Charges for services	619,863	-	-	619,863
Permits and fees	1,192,686	-	-	1,192,686
Lease revenue	-	-	194,572	194,572
Investments earnings	371,405	82,650	162,186	616,241
Other	111,494	-	-	111,494
Total revenues	<u>14,733,318</u>	<u>1,475,996</u>	<u>2,768,310</u>	<u>18,977,624</u>
EXPENDITURES				
Current:				
General government				
General administration	1,701,093	-	-	1,701,093
Finance	624,838	-	-	624,838
Public safety				
Police	4,058,054	-	-	4,058,054
Fire and EMS	3,394,723	-	-	3,394,723
Public works				
Inspections	505,183	-	-	505,183
Streets	1,789,003	-	2,155	1,791,158
Sanitation	224,154	-	-	224,154
Culture and recreation				
Parks and recreation	939,194	-	-	939,194
Cemetery	317,862	-	-	317,862
Library	320,736	-	-	320,736
Economic development	116,678	-	664,633	781,311
Capital outlay	1,904,375	-	1,918,025	3,822,400
Debt service:				
Principal	438,917	-	313,688	752,605
Interest and other	46,358	-	187,700	234,058
Total expenditures	<u>16,381,168</u>	<u>-</u>	<u>3,086,201</u>	<u>19,467,369</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,647,850)</u>	<u>1,475,996</u>	<u>(317,891)</u>	<u>(489,745)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	17,915	-	-	17,915
Issuance of notes payable	562,500	-	-	562,500
Insurance recoveries	74,159	-	-	74,159
Transfers in	2,778,631	-	-	2,778,631
Transfers out	-	(1,393,346)	(43,082)	(1,436,428)
Total other financing sources (uses)	<u>3,433,205</u>	<u>(1,393,346)</u>	<u>(43,082)</u>	<u>1,996,777</u>
NET CHANGE IN FUND BALANCE				
	<u>1,785,355</u>	<u>82,650</u>	<u>(360,973)</u>	<u>1,507,032</u>
FUND BALANCE - BEGINNING				
	<u>7,480,034</u>	<u>12,955</u>	<u>6,719,744</u>	<u>14,212,733</u>
FUND BALANCE - ENDING				
	<u>\$ 9,265,389</u>	<u>\$ 95,605</u>	<u>\$ 6,358,771</u>	<u>\$15,719,765</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MINERAL WELLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds: \$ 1,507,032

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays for the fiscal year.

3,798,099

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.

(2,220,686)

Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.

752,605

The issuance of long-term debt increases fund balance in the governmental funds, but has no effect on net position.

(562,500)

Certain expenses do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.

Premium on bonds payable
Compensated Absences

13,603
(72,074)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

671,004

Certain pension and other post-employment (OPEB) expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows and inflows. These items relate to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and OPEB liabilities were amortized.

(326,159)

Change in net position - statement of activities

\$ 3,560,924

CITY OF MINERAL WELLS, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

Business-Type Activities Enterprise Funds			
	Water and Sewer	Palo Pinto County Municipal Water District No. 1	Airport Operations
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,902,607	\$ 3,847,965	\$ 514,620
Investments	2,386,890	-	32,699
Receivables			
Customers, net	1,639,503	-	53,465
Other	4,414	-	-
Prepaid expenses	-	181,232	-
Inventory	254,988	-	68,407
Due from other funds	-	-	-
Total current assets	<u>7,188,402</u>	<u>4,029,197</u>	<u>669,191</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	3,626,201	16,000
Capital assets, not being depreciated	3,434,801	10,362,102	240,855
Capital assets, being depreciated	45,103,697	44,388,319	8,897,354
Less accumulated depreciation	<u>(25,256,891)</u>	<u>(17,877,672)</u>	<u>(6,364,171)</u>
Total noncurrent assets	<u>23,281,607</u>	<u>40,498,950</u>	<u>2,790,038</u>
Total assets	<u>30,470,009</u>	<u>44,528,147</u>	<u>3,459,229</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions - TMRS	917,836	-	72,367
Related to OPEB	<u>29,739</u>	<u>-</u>	<u>2,344</u>
Total deferred outflows of resources	<u>947,575</u>	<u>-</u>	<u>74,711</u>
LIABILITIES			
Current liabilities:			
Accounts payable	480	195,673	-
Accrued liabilities	178,294	161,117	13,546
Unearned revenue	76,437	66,870	-
Customer deposits	338,604	-	-
Due to other funds	129,369	-	79,996
Long-term liabilities, current	278,186	802,237	15,489
Total OPEB liability, current	<u>4,709</u>	<u>-</u>	<u>371</u>
Total current liabilities	<u>1,006,079</u>	<u>1,225,897</u>	<u>109,402</u>
Noncurrent liabilities:			
Net pension liability - TMRS	992,132	-	78,225
Total OPEB liability	150,014	-	11,828
Long-term liabilities	<u>4,923,123</u>	<u>15,070,000</u>	<u>35,566</u>
Total noncurrent liabilities	<u>6,065,269</u>	<u>15,070,000</u>	<u>125,619</u>
Total liabilities	<u>7,071,348</u>	<u>16,295,897</u>	<u>235,021</u>

Business-Type Activities
Enterprise Funds

Nonmajor Proprietary Funds - Drainage Utility	Total
\$ 150,141	\$ 7,415,333
-	2,419,589
22,096	1,715,064
-	4,414
-	181,232
-	323,395
<u>56,146</u>	<u>56,146</u>
<u>228,383</u>	<u>12,115,173</u>
-	3,642,201
-	14,037,758
382,500	98,771,870
(213,563)	(49,712,297)
<u>168,937</u>	<u>66,739,532</u>
<u>397,320</u>	<u>78,854,705</u>
-	990,203
-	32,083
<u>-</u>	<u>1,022,286</u>
-	196,153
-	352,957
-	143,307
-	338,604
-	209,365
52,063	1,147,975
-	5,080
<u>52,063</u>	<u>2,393,441</u>
-	1,070,357
-	161,842
<u>81,558</u>	<u>20,110,247</u>
<u>81,558</u>	<u>21,342,446</u>
<u>133,621</u>	<u>23,735,887</u>

CITY OF MINERAL WELLS, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds		
	Water and Sewer	Palo Pinto County Municipal Water District No. 1	Airport Operations
DEFERRED INFLOWS OF RESOURCES			
Related to pension - TMRS	\$ 54,159	\$ -	\$ 4,270
Related to OPEB	79,917	-	6,301
Total deferred inflows of resources	<u>134,076</u>	<u>-</u>	<u>10,571</u>
NET POSITION			
Net investment in capital assets	14,929,568	21,856,609	2,482,275
Restricted for debt service	-	2,034,902	-
Restricted for endowments	-	577,910	-
Unrestricted	<u>9,282,592</u>	<u>3,762,829</u>	<u>806,073</u>
Total net position	<u>\$ 24,212,160</u>	<u>\$ 28,232,250</u>	<u>\$ 3,288,348</u>

Business-Type Activities
Enterprise Funds

Nonmajor Proprietary Funds - Drainage Utility	Total
\$ -	\$ 58,429
-	86,218
<hr/>	<hr/>
-	144,647
<hr/>	<hr/>
87,379	39,355,831
-	2,034,902
-	577,910
<hr/>	<hr/>
176,320	14,027,814
<hr/>	<hr/>
\$ 263,699	\$ 55,996,457

CITY OF MINERAL WELLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Business-Type Activities, Enterprise Funds			
	Water and Sewer	Palo Pinto County Municipal Water District No. 1	Airport Operations
OPERATING REVENUES			
Charges for services	\$ 11,884,830	\$ 2,394,190	\$ -
Oil and gas	-	-	1,471,153
Rentals	-	-	356,613
Other	54,375	9,995	62,316
Total operating revenues	11,939,205	2,404,185	1,890,082
OPERATING EXPENSES			
Public works administration	3,700,332	-	-
Water distribution and sewer	1,962,207	968,757	-
Hilltop water treatment plant	1,808,071	-	-
Wastewater plants	1,490,740	-	-
Facility maintenance	680,191	-	-
City utility service	385,773	-	-
Drainage utility	-	-	-
Airport	-	-	1,792,484
Waterworks and sewer system	4,450	-	-
Depreciation	1,141,907	488,100	357,387
Total operating expenses	11,173,671	1,456,857	2,149,871
OPERATING INCOME (LOSS)	765,534	947,328	(259,789)
NON-OPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of assets	12,350	-	8,499
Intergovernmental	18,311	-	-
Interest expense	(182,508)	(490,364)	(2,702)
Investment income	90,883	491,283	1,744
Total nonoperating revenues (expenses)	(60,964)	919	7,541
INCOME BEFORE TRANSFERS	704,570	948,247	(252,248)
Capital contributions	20,768	-	-
Transfers in	511,547	-	-
Transfers out	(1,416,750)	-	(69,000)
Total transfers	(884,435)	-	(69,000)
CHANGE IN NET POSITION	(179,865)	948,247	(321,248)
TOTAL NET POSITION - BEGINNING	<u>24,392,025</u>	<u>27,284,003</u>	<u>3,609,596</u>
TOTAL NET POSITION - ENDING	<u>\$ 24,212,160</u>	<u>\$28,232,250</u>	<u>\$ 3,288,348</u>

Business-Type Activities Enterprise Funds		
Nonmajor Proprietary Funds -	Drainage Utility	Total
\$ 244,536	\$ 14,523,556	
-	1,471,153	
-	356,613	
-	126,686	
<u>244,536</u>	<u>16,478,008</u>	
-	3,700,332	
-	2,930,964	
-	1,808,071	
-	1,490,740	
-	680,191	
-	385,773	
12,468	12,468	
-	1,792,484	
-	4,450	
<u>38,250</u>	<u>2,025,644</u>	
<u>50,718</u>	<u>14,831,117</u>	
<u>193,818</u>	<u>1,646,891</u>	
-	20,849	
-	18,311	
(5,867)	(681,441)	
-	<u>583,910</u>	
<u>(5,867)</u>	<u>(58,371)</u>	
<u>187,951</u>	<u>1,588,520</u>	
-	20,768	
-	511,547	
(368,000)	(1,853,750)	
<u>(368,000)</u>	<u>(1,321,435)</u>	
(180,049)	267,085	
<u>443,748</u>	<u>55,729,372</u>	
<u>\$ 263,699</u>	<u>\$ 55,996,457</u>	

CITY OF MINERAL WELLS, TEXAS

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds		
	Water and Sewer	Palo Pinto County Municipal Water District No. 1	Airport Operations
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 12,251,514	\$ 2,404,185	\$ 1,857,756
Cash payments to suppliers for goods and services	(6,450,328)	(903,368)	(1,490,294)
Cash payments to employees for services	<u>(3,829,909)</u>	<u>(252,386)</u>	<u>(282,537)</u>
Net cash provided by operating activities	<u>1,971,277</u>	<u>1,248,431</u>	<u>84,925</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	273,095	-	-
Cash paid to other funds	-	-	(36,442)
Intergovernmental	18,311	-	-
Transfers to other funds	(1,416,750)	-	(69,000)
Transfers from other funds	<u>511,547</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(613,797)</u>	<u>-</u>	<u>(105,442)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,572,166)	(5,190,559)	(66,831)
Capital contributions	20,768	-	-
Proceeds from issuance of debt	-	-	50,000
Payments on long-term debt	(240,300)	(1,186,695)	(22,940)
Interest paid on long-term debt	<u>(191,398)</u>	<u>(501,436)</u>	<u>(11,479)</u>
Net cash used for capital and related financing activities	<u>(1,983,096)</u>	<u>(6,878,690)</u>	<u>(51,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	601,108	-	-
Interest on investments	<u>90,883</u>	<u>491,283</u>	<u>-</u>
Net cash provided by investing activities	<u>691,991</u>	<u>491,283</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS - BEGINNING	66,375	(5,138,976)	(71,767)
CASH AND CASH EQUIVALENTS - ENDING	<u>2,836,232</u>	<u>12,613,142</u>	<u>602,387</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	<u>\$ 2,902,607</u>	<u>\$ 7,474,166</u>	<u>\$ 530,620</u>
Operating income (loss)	\$ 765,534	\$ 947,328	\$ (259,789)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	1,141,907	488,100	357,387
(Increase) decrease in receivables, net	247,330	-	(32,326)
(Increase) decrease in prepaid expense	-	(172,333)	-
(Increase) decrease in inventory	(64,283)	-	(22,934)
(Increase) decrease in deferred outflows	(694,617)	-	(61,207)
Increase (decrease) in accounts payable	(310,348)	(18,489)	-
Increase (decrease) in accrued liabilities	35,817	3,825	4,378
Increase (decrease) in unearned revenue	76,437	-	-
Increase (decrease) in customer deposits	(11,458)	-	-
Increase (decrease) in deferred inflows	(480,218)	-	(29,302)
Increase (decrease) in compensated absences	28,755	-	18,283
Increase (decrease) in OPEB liability	(63,793)	-	(574)
Increase (decrease) in pension liability	<u>1,300,214</u>	<u>-</u>	<u>111,009</u>
Total adjustments	<u>1,205,743</u>	<u>301,103</u>	<u>344,714</u>
Net cash provided by operating activities	<u>\$ 1,971,277</u>	<u>\$ 1,248,431</u>	<u>\$ 84,925</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities
Enterprise Funds

Drainage Utility	Totals
\$ 242,389	\$ 16,755,844
(12,468)	(8,856,458)
-	(4,364,832)
<u>229,921</u>	<u>3,534,554</u>
- 273,095	
(12,781) (49,223)	
- 18,311	
(368,000) (1,853,750)	
- 511,547	
<u>(380,781)</u> <u>(1,100,020)</u>	
- (6,829,556)	
- 20,768	
- 50,000	
(50,334) (1,500,269)	
(5,867) (710,180)	
<u>(56,201)</u> <u>(8,969,237)</u>	
- 601,108	
- 582,166	
- 1,183,274	
(207,061) (5,351,429)	
<u>357,202</u> <u>16,408,963</u>	
<u>\$ 150,141</u> <u>\$ 11,057,534</u>	
\$ 193,818	\$ 1,646,891
38,250 2,025,644	
(2,147) 212,857	
- (172,333)	
- (87,217)	
- (755,824)	
- (328,837)	
- 44,020	
- 76,437	
- (11,458)	
- (509,520)	
- 47,038	
- (64,367)	
- 1,411,223	
<u>36,103</u> <u>1,887,663</u>	
<u>\$ 229,921</u> <u>\$ 3,534,554</u>	

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CITY OF MINERAL WELLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mineral Wells, Texas (the "City") was first incorporated in 1884 and adopted the Home Rule Charter (Vernon's Ann. Civ. St. art. et. seq.) on July 25, 1966. The City operates under a council manager form of government and provides the following services as authorized by its charter: public safety, police, fire, animal control and emergency medical services; street and drainage, water and sewer, sanitation, public health, parks and recreation, library, planning and zoning and general administrative services. The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The City of Mineral Wells is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the City and its blended component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) 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.

In evaluating how to define the City for financial reporting purposes management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has two component units required to be reported.

Blended Component Units

The ***Mineral Wells Economic Development Corporation (the "EDC")*** (a nonprofit development corporation formed under the Development Corporation Act of 1979, Texas Rev. Civil Statute) was incorporated in 2014. The Corporation's services are provided to stimulate economic growth for the City. The City Council approves the budget of the EDC, and a board of seven directors appointed by the City Council governs the Corporation. The purpose of the Corporation is to develop, implement, provide, and finance projects allowed under the Development Corporation Act. Operation of the Corporation is funded by 1/8 percent sales tax approved by the voters. The City is the sole beneficiary of the EDC and will receive the remaining assets and assume the remaining liabilities upon termination. The Economic Development Corporation is presented as a special revenue fund. Separate unaudited financial statements may be obtained at the City's administrative office.

The ***Palo Pinto County Municipal Water District No. 1 (the "District")*** is governed by a board appointed by the City's elected council. The rates for user charges and bond issuance authorizations are approved by the City's council and the legal liability for the District's debt remains with the City. The District is included in the City's "reporting entity" due to the financial accountability of the City for the District, and because the District provides services almost entirely for the benefit of the City. Approximately 85% of the District's water sales, which amounted to \$2,094,022, were to the City. The Palo Pinto County Municipal Water District No. 1 is presented as a proprietary fund. Separate financial statements for the District may be obtained at the District's administrative office.

B. Government-Wide and Fund Financial Statements

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

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

Interfund activities between governmental funds appear as due to/due from on the Governmental Funds Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditure and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds remain as receivables and payables on the government-wide statement of net position.

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

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

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

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, municipal court revenues 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. All other revenue items are considered measurable and available only when cash is received by the government.

The City has presented the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. 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 that are not paid through other funds are paid from the General Fund.

The **American Rescue Plan Act (ARPA) Fund** accounts for resources used to react and respond to the COVID-19 pandemic.

The City reports the following major proprietary funds:

The **Water and Sewer Enterprise Fund** accounts for the operation of the water and sewer systems of the City.

The **Palo Pinto County Municipal Water District No. 1 Fund** accounts for the water supply operations of the blended component unit.

The **Airport Operations Fund** accounts for the activities of the City's airport operations.

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

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 City's Enterprise Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Encumbrances

The City utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executor contracts) and are used to control expenditures for the period and to enhance cash management. The City often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the City likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. The City had no outstanding encumbrances as September 30, 2023.

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

1. Cash and Cash Equivalents

Cash and cash equivalents for the City 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, including restricted assets.

The City's investments include CDs with original maturities of three months or more from the date of acquisition, money market accounts, and external investment pools.

The Palo Pinto Municipal Water District No. 1 entered into an Escrow Agreement with the Texas Water Development Board for the 2015 bonds. The escrowed funds are kept in separate accounts at the District's depository bank and shall not be subject to warrants, drafts or checks drawn by the District but shall be disbursed or withdrawn to pay the costs of the Project for the Agreement was executed and solely upon written authorization from the Executive Administrator of Texas Water Development board or his designated representative. The balance in the Escrow Accounts at September 30, 2023 was \$226,086.

For purposes of the statement of cash flows, the City considers cash and other investments with maturities of three months or less from the date of purchase to be cash and cash equivalents.

Investments for the City are reported at fair value, except for the position in investment pools, which are reported at net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" and "advances to/from other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Capital Assets

Capital assets, which includes land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Asset	Estimated Useful Lives
Buildings and improvements	10 - 50 years
Improvements other than buildings	10 - 50 years
Infrastructure	10 - 50 years
Distribution system	25 - 50 years
Collection system	50 years
Equipment and vehicles	5 - 10 years
Furniture and fixtures	5 - 10 years
Right-to-use equipment	5 - 10 years

4. Leases

City

The City has entered into various lease agreements as lessor. 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 monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset if certain changes occur that are expected to significantly affect the amount of the lease asset.

Lessor. The City is a lessor in arrangements allowing the use of City buildings. In the government-wide financial statements and governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

PPCMWD No. 1

The District has entered into a lease agreement as a lessee. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable 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 District is reasonably certain to exercise.

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

Lessee. The District is a lessee for noncancelable lease of land. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and proprietary fund financial statements. At the commencement of a lease, the District 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. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

5. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Palo Pinto County Appraisal District (PPCAD) and the Parker County Appraisal District (PCAD), both are independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. PPCAD and PCAD are required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the PPCAD and PCAD Review Boards through various appeals and, if necessary, legal action.

The taxable value of the property tax roll on January 1, upon which the levy for fiscal year 2023 was based, was \$1,148,854,368 after deduction of all exemptions and frozen values. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to penalty and Interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2023, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.5475241 and \$0.0366156 per \$ 100 valuation, respectively, for a total of \$0.584140 per \$100 valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

6. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense or expenditure) until then. The City has the following items that qualify for reporting in this category.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet 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 City has the following types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Deferred inflows related to leases arise from the recognition of the discounted future lease payments on lessor agreements. These amounts are recognized in lease income straight-line over the assessed life of the lease.

7. Pension Plans and OPEB Plans

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

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

8. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Palo Pinto County Municipal Water District No. 1 has entered into a land lease. The lease liabilities qualify as other than short-term leases under GASB Statement No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception or, for leases existing prior to the implementation year as the remaining terms of the agreement.

9. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits and receive payment for unused vacation pay upon termination of employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

10. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable 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 - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by City Ordinance authorized City Manager to assign fund balance. The Council may also assign fund balance.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed or assigned.

11. 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.

12. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

13. Net Position Flow Assumption

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

14. Use of 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

State statutes authorize the City to invest in obligations of the U. S. Treasury, the State of Texas or its agencies; other states, counties, cities, and state agencies with an "A" rating or equivalent, fully insured or collateralized bank certificates of deposit, and fully collateralized direct repurchase agreements.

Deposits

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

All deposits with financial institutions must be collateralized in an amount equal to 100 percent of uninsured balances. At year end, except for \$4,027 of petty cash, the financial institution balances totaled \$22,772,027. Of the financial institution balances, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held by the City's agent in the City's name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City 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, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by the City Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition, it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the City Council. The report details the investment positions of the City and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. Banker's acceptances as permitted by Government Code 2256.012;
5. Commercial paper as permitted by Government Code 2256.013;
6. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;

A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and Public funds investment pools as permitted by Government Code 2256.016.

The City invests in the Texas Local Government Investment Pool (TexPool) and the Texas Short Term Asset Reserve Fund (TexSTAR), which are public funds investment pools. The Palo Pinto County Municipal Water District No. 1 invests in TexSTAR.

TexPool is a local government investment pool organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of the Pool are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas.

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All securities in TexSTAR are market to market daily using the fair value method, amortized cost, which generally approximated the market value of the securities, has been deemed to be a proxy for fair value. The stated objective of TexSTAR is to maintain a stable \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured by TexSTAR.

The following table includes the portfolio balances of all investment types of the City at September 30, 2023.

Investment Type	Value	Days to Maturity
TexPool	\$ 1,038	26
TexSTAR	2,464,915	29
East West Bank	669,897	237
InterBank	3,979,778	1
Southside Bank	<u>1,122,307</u>	1
Total Investments	<u>\$ 8,237,935</u>	

Credit Risk - As of September 30, 2023, the LGIPs are rated AAA by Standard and Poor's or AAA by Finch, while the remainder is invested in fully secured certificates of deposit.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days of the anticipated cash flow requirements of the funds. Quality sort-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements.

B. Receivables

Receivables as of September 30, 2023, for the government's funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds	Water Fund	Airport Operations	Nonmajor Enterprise Funds	Total
Receivables:						
Property taxes	\$ 373,771	\$ 853,368	\$ -	\$ -	\$ -	\$ 1,227,139
Sales taxes	962,068	87,155	-	-	-	1,049,223
Franchise taxes	189,131	-	-	-	-	189,131
Hotel/Motel taxes	-	95,890	-	-	-	95,890
Municipal court fines	836,221	-	-	-	-	836,221
EMS billing	1,518,705	-	-	-	-	1,518,705
Leases	-	1,072,458	-	-	-	1,072,458
Cemetery	14,742	-	-	-	-	14,742
Customer	-	-	1,675,938	82,670	22,096	1,780,704
Miscellaneous	93,743	6	4,414	-	-	98,163
Gross receivables	3,988,381	2,108,877	1,680,352	82,670	22,096	7,882,376
Less: allowance for uncollectibles	(1,554,305)	(20,716)	(36,435)	(29,205)	-	(1,640,661)
Net total receivables	<u>\$2,434,076</u>	<u>\$ 2,088,161</u>	<u>\$ 1,643,917</u>	<u>\$ 53,465</u>	<u>\$ 22,096</u>	<u>\$ 6,241,715</u>

Leases

The City has entered into a lease agreement as lessor. 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 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 or lease asset. The City is a lessor in various arrangements for the right-to-use of buildings. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

The City has nine lease agreements for the use of buildings. The leases generally have 2 to 15 year terms and bear interest at 2.35% annually for each agreement.

C. Capital Assets

A summary of activity for capital assets for the year ended September 30, 2023, follows:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,031,143	\$ -	\$ -	\$ 2,031,143
Construction in progress	1,075,094	1,919,232	(1,733,982)	1,260,344
Total capital assets, not being depreciated	<u>3,106,237</u>	<u>1,919,232</u>	<u>(1,733,982)</u>	<u>3,291,487</u>
Capital assets being depreciated:				
Buildings and improvements	6,398,828	139,755	-	6,538,583
Improvements other than buildings	2,816,775	-	-	2,816,775
Infrastructure	54,770,285	1,733,982	-	56,504,267
Equipment and vehicles	8,895,566	1,580,059	(613,945)	9,861,680
Furniture and fixtures	918,600	159,053	(130,281)	947,372
Total capital assets being depreciated	<u>73,800,054</u>	<u>3,612,849</u>	<u>(744,226)</u>	<u>76,668,677</u>
Less accumulated depreciation for:				
Buildings	(3,849,766)	(278,504)	-	(4,128,270)
Improvements other than buildings	(1,774,161)	(52,855)	-	(1,827,016)
Infrastructure	(36,311,737)	(950,432)	-	(37,262,169)
Equipment and vehicles	(5,625,025)	(872,450)	613,945	(5,883,530)
Furniture and fixtures	(805,650)	(66,445)	130,281	(741,814)
Total accumulated depreciation	<u>(48,366,339)</u>	<u>(2,220,686)</u>	<u>744,226</u>	<u>(49,842,799)</u>
Total capital assets being depreciated, net	<u>25,433,715</u>	<u>1,392,163</u>	<u>-</u>	<u>26,825,878</u>
Governmental activities capital assets, net	<u>\$ 28,539,952</u>	<u>\$ 3,311,395</u>	<u>\$ (1,733,982)</u>	<u>\$ 30,117,365</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 7,979,020	\$ 4,765,723	\$ -	\$ 12,744,743
Construction in progress	15,905,492	1,692,213	-	17,597,705
Total capital assets, not being depreciated	<u>23,884,512</u>	<u>6,457,936</u>	<u>-</u>	<u>30,342,448</u>
Capital assets being depreciated:				
Buildings	4,609,612	-	-	4,609,612
Improvements other than buildings	15,055,300	-	3,915	15,059,215
Infrastructure	6,011,747	-	-	6,011,747
Distribution system	45,139,113	57,690	-	45,196,803
Collection system	6,658,112	-	-	6,658,112
Equipment and vehicles	4,134,490	451,524	(34,507)	4,551,507
Furniture and fixtures	58,792	-	8,686	67,478
Right-to-use equipment	315,833	-	-	315,833
Total capital assets being depreciated	<u>81,982,999</u>	<u>509,214</u>	<u>(21,906)</u>	<u>82,470,307</u>
Less accumulated depreciation for:				
Buildings	(3,176,987)	(172,620)	-	(3,349,607)
Improvements other than buildings	(8,693,855)	(435,946)	4,067	(9,125,734)
Infrastructure	(4,301,225)	(257,931)	-	(4,559,156)
Distribution system	(24,113,627)	(838,674)	-	(24,952,301)
Collection system	(4,492,339)	(118,151)	-	(4,610,490)
Equipment and vehicles	(2,749,744)	(184,702)	1,592	(2,932,854)
Furniture and fixtures	(55,040)	(920)	(8,686)	(64,646)
Right-to-use equipment	(103,936)	(16,700)	-	(120,636)
Total accumulated depreciation	<u>(47,686,753)</u>	<u>(2,025,644)</u>	<u>(3,027)</u>	<u>(49,715,424)</u>
Total capital assets being depreciated, net	<u>34,296,246</u>	<u>(1,516,430)</u>	<u>(24,933)</u>	<u>32,754,883</u>
Business-type activities				
Capital assets, net	<u>\$ 58,180,758</u>	<u>\$ 4,941,506</u>	<u>\$ (24,933)</u>	<u>\$ 63,097,331</u>

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

Governmental Activities		
Administrative		\$ 119,546
Fleet maintenance		2,023
Police		239,601
Fire and emergency medical services		416,553
Inspections		5,742
Streets, including infrastructure		1,156,689
Parks & recreation		238,239
Cemetery		14,339
Library		27,954
		<u>\$ 2,220,686</u>
Business-Type Activities		
Water, sewer and sanitation		\$ 1,141,907
PPCMWD No. 1		488,100
Aiport Operations		357,387
Nonmajor proprietary fund		38,250
		<u>\$ 2,025,644</u>

D. Long-term Debt

During the year ended September 30, 2023, the following changes occurred in long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 4,765,000	\$ -	\$ (145,000)	\$ 4,620,000	\$ 155,000
Bond issuance premiums/discounts	285,660	-	(13,603)	272,057	-
Sales tax payable	659,013	-	(134,761)	524,252	73,908
Notes payable	1,889,298	562,500	(304,156)	2,147,642	280,883
Compensated absences	150,087	368,474	(296,400)	222,161	222,161
Texas Dept of Agriculture Agreements	<u>1,406,633</u>	<u>-</u>	<u>(168,688)</u>	<u>1,237,945</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 9,155,691</u>	<u>\$ 930,974</u>	<u>\$ (1,062,608)</u>	<u>\$ 9,024,057</u>	<u>\$ 731,952</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 4,900,000	\$ -	\$ (155,000)	\$ 4,745,000	\$ 160,000
Revenue bonds	17,025,000	-	(1,170,000)	15,855,000	785,000
Bond issuance premiums/discounts	293,876	-	(13,994)	279,882	-
Notes payable	365,135	50,000	(142,661)	272,474	97,109
Compensated absences	50,031	153,784	(115,186)	88,629	88,629
Leases - Palo Pinto	33,932	-	(16,695)	17,237	17,237
Leases	<u>11,147</u>	<u>-</u>	<u>(11,147)</u>	<u>-</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 22,679,121</u>	<u>\$ 203,784</u>	<u>\$ (1,624,683)</u>	<u>\$ 21,258,222</u>	<u>\$ 1,147,975</u>

The General Obligation Bonds and Revenue Bonds are considered private placements; the notes payable are classified as direct borrowings. The lease payable is secured by the leased land. Should the City default on the bonds, notes payable or leases, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

The following is a summary of the terms of obligations outstanding of the City as of September 30, 2023:

Governmental Activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General Obligation Bonds:				
General Obligation Bonds - Streets	4.00%	\$ 5,215,000	2043	\$ 4,620,000
2018 Bond Premium	4.00%	340,072	2043	272,057
Sales tax payable			2030	524,252
Notes Payable:				
Note Payable - FFB - STR 2021	2.50%	977,731	2028	848,186
Note Payable - FFB - FD 2021	2.50%	750,000	2033	639,910
Note Payable - FFB - Streets	2.50%	224,387	2026	97,046
Note Payable - FFB - STR 2022	4.50%	562,500	2032	562,500
Total Governmental Activities				\$ 7,563,951

Business-Type Activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General Obligation Bonds:				
GO Bond WW&S Projects	4.00%	\$ 1,705,000	2043	\$ 1,505,000
GO Hwy 180 W Project	4.00%	3,660,000	2043	3,240,000
2018 Bond Premium	4.00%	349,853	2042	279,882
Notes Payable:				
Note Payable - FFB	3.43%	390,000	2026	133,633
Note Payable - FFB JTR 2020	2.50%	221,690	2026	95,880
Note Payable - Airport Fuel	7.00%	50,000	2029	42,961
Total Business-Type Activities				\$ 5,297,356

The following is a summary of the terms of obligations outstanding of the Palo Pinto County Municipal Water District No. 1 as of September 30, 2023:

Business-Type Activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Revenue Bonds:				
Series 2015B	0.77%-3.680%	\$ 7,185,000	2045	\$ 5,940,000
Series 2015A	0.45%-3.210%	9,915,000	2045	8,110,000
Series 2009B	2.63%-3.680%	3,200,000	2028	1,085,000
Series 2009A	0.00%	2,400,000	2029	720,000
Leases:				
Land Lease	3.25%	50,101	2024	17,237
Total Business-Type Activities				\$ 15,872,237

General Obligation Bonds

Annual debt service requirements to retire outstanding general obligation bonds of the City are as follows:

Year Ending September 30,	General Obligation Bonds					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 155,000	\$ 181,700	\$ 336,700	\$ 160,000	\$ 186,600	\$ 346,600
2025	160,000	175,400	335,400	165,000	180,100	345,100
2026	165,000	168,900	333,900	170,000	173,400	343,400
2027	175,000	162,100	337,100	175,000	166,500	341,500
2028	180,000	155,000	335,000	185,000	159,300	344,300
2029-2033	1,015,000	658,900	1,673,900	1,045,000	677,100	1,722,100
2034-2038	1,250,000	433,000	1,683,000	1,285,000	444,700	1,729,700
2039-2043	1,520,000	157,000	1,677,000	1,560,000	161,000	1,721,000
	\$ 4,620,000	\$ 2,092,000	\$ 6,712,000	\$ 4,745,000	\$ 2,148,700	\$ 6,893,700

Bond Premium

At September 30, 2023, the City has a 2018 Bond Premium for governmental activities and business-type activities. The premium will be amortized over the life of the bond.

Revenue Bonds

Annual debt service requirements to retire outstanding revenue bonds of the Palo Pinto County Municipal Water District No. 1 are as follows:

Year Ending September 30,	Revenue Bonds		
	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 785,000	\$ 471,875	\$ 1,256,875
2025	805,000	455,882	1,260,882
2026	820,000	438,697	1,258,697
2027	840,000	419,398	1,259,398
2028	865,000	398,852	1,263,852
2028-2032	2,905,000	1,732,160	4,637,160
2028-2032	3,255,000	1,277,287	4,532,287
2028-2032	3,850,000	696,976	4,546,976
2028-2032	<u>1,730,000</u>	<u>89,069</u>	<u>1,819,069</u>
	<u>\$ 15,855,000</u>	<u>\$ 5,980,196</u>	<u>\$ 21,835,196</u>

Notes Payable

The following is the note repayment schedule of the City as of September 30, 2023:

Year Ending September 30,	Notes Payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 280,883	\$ 56,619	\$ 337,502	\$ 97,109	\$ 9,758	\$ 106,867
2025	280,881	56,619	337,500	99,857	7,010	106,867
2026	268,709	48,647	317,356	54,768	4,177	58,945
2027	256,021	41,192	297,213	7,407	3,457	10,864
2028	263,452	33,761	297,213	7,407	3,457	10,864
2029-2033	<u>797,696</u>	<u>72,418</u>	<u>870,114</u>	<u>5,926</u>	<u>3,442</u>	<u>9,368</u>
	<u>\$ 2,147,642</u>	<u>\$ 309,256</u>	<u>\$ 2,456,898</u>	<u>\$ 272,474</u>	<u>\$ 31,301</u>	<u>\$ 303,775</u>

Leases

The following is the land lease repayment schedule of the Palo Pinto County Municipal Water District No. 1 as of September 30, 2023:

Year Ending September 30,	Lease		
	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 17,237	\$ 561	\$ 17,798

Sales Tax Payable

The City received a determination in 2015 by the State of Texas Comptroller's office that the City had received \$1,108,654 in sales tax receipts from the Comptroller's office in error over the past several years. The Comptroller's office agreed to allow the City to repay the excess sales tax revenue interest free over a period of fifteen years through reduced sales tax allocations from the state. The state began withholding \$6,159 monthly from the City's sales tax allocations beginning in November 2015 with one final deduction of \$737 in September 2030. During the current fiscal year, the City was due to receive a one-time audit collection of \$67,021 in the October 2022 sales tax allocation. As of September 30, 2023, this liability is reported at \$524,252 in the governmental activities statement of net position.

Texas Department of Agriculture Agreements

During a previous fiscal year, the City obtained ten grants from the Texas Capital Fund administered by the Texas Department of Agriculture through the Office of Rural Community Affairs. The purpose of the grants were for capital acquisition and/or rehabilitation of facilities needed for new manufacturing entities who relocated to Mineral Wells or existing manufacturing or service companies who expanded operations in Mineral Wells.

will be repaid to the State by the City from lease revenues received from the companies who lease the facilities from the City. The City is obligated in some manner to the State for the repayment of the agreements; however, should the business default on its obligation to the City, the State shall suspend the repayment terms until another occupant for the facility can be found. Due to the nature of the agreements, the City has accounted for the loans as TX Department of Agriculture Contracts in the governmental activities column of the statement of net position. The debt service fund has been used to record the receivable and deferred inflows of resources from the lease of the facilities.

The tenants of the facilities have options to purchase the facilities at any time after the expiration of five years from the date the State contract is closed-out. The purchase price is the original amount of the loan less the sum of (a) the full amount of all fixed rental payments actually received by the City; and (b) any and all amount actually paid by the tenant to the City under the project agreement as a result of recoupment of the Texas Capital Fund grant by the Texas Department of Agriculture. At September 30, 2023, the City had nine agreements with the Texas Department of Agriculture outstanding.

Compensated Absences

The liability for accrued compensated absences for governmental activities are generally liquidated by the General Fund.

E. Interfund Receivables, Payables and Transfers

For the year ended September 30, 2023, interfund balances consisted of:

Receivable Fund	Payable Fund	Amount
General fund	Water and Sewer	\$ 73,223
General fund	Airport Operations	79,996
Nonmajor governmental	Nonmajor governmental	16,376
Drainage Utility	Water and Sewer	56,146
		<u>\$ 225,741</u>

Interfund balances represent the portion accrued salaries payable that were paid by the general fund but reimbursable as an expense of other funds. The balances will be liquidated shortly after yearend.

For the year ended September 30, 2023, interfund transfers consisted of:

Transfers In	Transfers Out	Amount
General	Water and Sewer	\$ 1,416,750
General	Nonmajor proprietary	368,000
General	Nonmajor governmental	43,082
General	Airport Operations	69,000
General	American Rescue Plan Act	881,799
Water and Sewer	American Rescue Plan Act	511,547
		<u>\$ 3,290,178</u>

These transfers were approved by the City council as transfers of funds to cover planned expenditures/expenses.

F. Defined Benefit Pension Plan – Texas Municipal Retirement System

Plan Descriptions. The City participates as one of 901 plans in the defined benefit cash-balance 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 agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. 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 member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plans also provide death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

A summary of plan provisions for the City are as follows:

Employee deposit rate	5%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age; 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Retiree Cost of Living Adjustment	70% of CPI Repeating
Supplemental death benefit - employees and retirees	Yes

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

Inactive employees or beneficiaries currently receiving benefits	134
Inactive employees entitled to but not yet receiving benefits	172
Active employees	172
Total	478

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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rate for the City was 8.46% and 8.44% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$794,635, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Pension liabilities have been liquidated in prior years from the General Fund for governmental activities and the Water Fund and Airport Fund for the business-type activities.

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
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 will be applied to reflect the impairment for younger members who become disabled for males and females. 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 Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their 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 Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public and Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	<u>100.0%</u>	

Discount Rate. The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability (c)
Balance at 12/31/2021	\$ 38,676,027	\$ 40,259,408	\$ (1,583,381)
Changes for the year:			
Service cost	1,103,715	-	1,103,715
Interest	2,577,396	-	2,577,396
Difference between expected and actual experience	(253,135)	-	(253,135)
Contributions - employer	-	794,635	(794,635)
Contributions - employee	-	487,507	(487,507)
Net investment income	-	(2,934,655)	2,934,655
Benefit payments, including refunds of employee contributions	(2,088,482)	(2,088,482)	-
Administrative expense	-	(25,431)	25,431
Other changes	-	30,346	(30,346)
Net changes	<u>1,339,494</u>	<u>(3,736,080)</u>	<u>5,075,574</u>
Balance at 12/31/2022	<u>\$ 40,015,521</u>	<u>\$ 36,523,328</u>	<u>\$ 3,492,193</u>

Sensitivity of the Net Pension Liability

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	\$ 8,942,456	\$ 3,492,193	\$ (960,261)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained on the Internet at www.tmrss.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,204,011.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 114,502	\$ 190,634
Differences in projected and actual investment earnings	2,514,215	-
Contributions subsequent to the measurement date	601,961	-
Totals	<u>\$ 3,230,678</u>	<u>\$ 190,634</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$601,961 will be recognized as a reduction of the net pension liability for the measurement year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,		
2024	\$	77,669
2025		584,517
2026		645,463
2027		1,130,434

G. Defined Benefit Pension Plan – Texas Emergency Services Retirement System

Plan Description

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available annual financial report that can be obtained at www.tesrs.org.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is relatively new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Pension Plan Fiduciary Net Position

For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Annual comprehensive Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to their vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Contributions

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. Contributions to the pension plan for the year ended September 30, 2023, were \$3,534.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

Actuarial Assumptions

The total pension liability in the August 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 4.61%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by "rounding down" and thereby reflects a reduction for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equities:		
Large cap domestic	20.0%	5.83%
Small cap domestic	10.0%	5.94%
Developed international	15.0%	6.15%
Emerging markets	5.0%	7.36%
Global Infrastructure	5.0%	6.61%
Real estate	10.0%	4.48%
Multi asset income	5.0%	3.86%
Fixed income	30.0%	1.95%
Cash	0.0%	0.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the net pension liability	\$ 46,986	\$ 29,952	\$ 16,158

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the City reported a liability of \$29,952 for its proportionate share of the TESRS's net pension liability, and rolled it forward to September 30, 2023. The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.073%.

For the year ended September 30, 2023, the City's pension expense was \$6,329. At September 30, 2023, the City reported its proportionate share of the TESRS's deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,140	\$ -
Difference between projected and actual investment earnings	-	150
Contributions paid to TESRS subsequent to the measurement date	11,046	-
Totals	\$ 12,186	\$ 150

\$11,046 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30	
2024	\$ 3,473
2025	2,156
2026	2,251
2027	4,156

H. Postemployment Benefits Other Than Pensions (OPEB) - TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	93
Inactive employees entitled to but not yet receiving benefits	25
Active employees	172
Total	290

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.31% for 2022 and 0.49% for 2023, of which 0.17% and 0.20%, respectively, represent the retiree-only portion for each year as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2023 and 2022 were \$45,392 and \$30,252, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year. The City's contribution for retiree portion as of September 30, 2023 was \$16,575.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2022
Inflation rate	2.50% per annum
Discount rate	4.05%
Actuarial cost method	Entry Age
Projected salary increases	Normal Method 3.50% to 11.50% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

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 will be applied to reflect the impairment for younger members who become disabled for males and females. 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 used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 4.05% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 637,698	\$ 544,608	\$ 470,553

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the City reported a liability of \$544,608 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$33,346. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 752,321
Changes for the year:	
Service cost	45,826
Interest	14,112
Difference between expected and actual experience	(10,747)
Changes in assumptions or other inputs	(240,329)
Benefit payments	<u>(16,575)</u>
Net changes	<u>(207,713)</u>
Balance at 12/31/2022	<u>\$ 544,608</u>

The total OPEB liability attributable to the governmental activities will be liquidated by the General Fund. The total liability attributable to the business-type activities will be liquidated by the Water and Airport funds.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 12,959	\$ 84,068
Changes in actuarial assumptions used	76,575	197,229
Contributions subsequent to the measurement date	<u>15,144</u>	-
Totals	<u>\$ 104,678</u>	<u>\$ 281,297</u>

\$15,144 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (39,003)
2025	(44,280)
2026	(49,169)
2027	(48,728)
2028	(10,583)

I. Commitments and Contingencies

Litigation

The City is exposed to various claims and lawsuits in the normal course of business. Management are unaware of any material pending or threatened litigation, claims, or assessments against the City which are not covered by the City's insurance.

Federal and State Grants

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.

PPCMWD No. 1 Turkey Peak Project

November 19, 2015, the District issued \$17,100,000 bonds that were purchased by the Texas Water Development Board's State Water Implementation Revenue Fund for Texas. The funds are to be used for the Turkey Peak Reservoir Project. \$16,486,899 of the funds have been spent as of September 30, 2023.

J. Risk Management

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of liability, property, worker's compensation, and medical insurance. The City pays annual premiums to the pool for the coverages stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Property and liability insurance provide varying and appropriate coverage, with most claims subject to a \$5,000 deductible. Workers compensation claims are managed by the Texas Municipal League. In addition, the City has designated a portion of the General Fund fund balance for insurance contingencies, to handle deductibles and other associated costs. For medical insurance claims, the City pays insurance premiums for full coverage and has no liability for claims filed by employees or their covered dependents.

K. PPCMWD No. 1 Subsequent Event

In November of 2023, the District issued the \$6,960,000 Palo Pinto County Municipal Water District No. 1 Revenue Bonds, Series 2023A and \$5,040,000 Palo Pinto County Municipal Water District No. 1 Revenue Bonds, Series 2023B to fund the costs related to acquire and construct a dam and all works, plants, and other facilities necessary or useful for the purpose of impounding, processing, and transporting water to cities and others for all useful purposes (Turkey Peak Reservoir). These bonds were purchased by the Texas Water Development Board's State Water Implementation Revenue Fund for Texas. The bonds are secured by revenues of the District. These bonds were issued to fund pre-construction activities for the Turkey Peak Reservoir and will not fund the full cost of the construction.

L. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MINERAL WELLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 5,388,716	\$ 5,388,716	\$ 5,505,825	\$ 117,109
Sales and use	4,270,000	4,270,000	5,340,166	1,070,166
Franchise	1,510,000	1,510,000	1,541,993	31,993
Intergovernmental	26,923	26,923	49,886	22,963
Charges for services	739,160	739,160	619,863	(119,297)
Permits and fees	1,341,579	1,341,579	1,192,686	(148,893)
Investments earnings	5,000	5,000	371,405	366,405
Other	66,500	66,500	111,494	44,994
Total revenues	<u>13,347,878</u>	<u>13,347,878</u>	<u>14,733,318</u>	<u>1,385,440</u>
EXPENDITURES				
Current:				
General government				
General administration	2,217,764	2,217,764	1,701,093	516,671
Finance	676,015	676,015	624,838	51,177
Public safety				
Police	4,263,114	4,263,114	4,058,054	205,060
Fire and EMS	3,514,441	3,514,441	3,394,723	119,718
Public works				
Inspections	855,380	855,380	505,183	350,197
Streets	2,850,740	2,850,740	1,789,003	1,061,737
Sanitation department	224,539	224,539	224,154	385
Culture and recreation				
Parks and recreation	934,999	934,999	939,194	(4,195)
Cemetery	310,109	310,109	317,862	(7,753)
Library	393,173	393,173	320,736	72,437
Economic development	127,404	127,404	116,678	10,726
Capital outlay	1,653,771	1,653,771	1,904,375	(250,604)
Debt service:				
Principal	305,934	305,934	438,973	(133,039)
Interest	45,421	45,421	46,302	(881)
Total expenditures	<u>18,372,804</u>	<u>18,372,804</u>	<u>16,381,168</u>	<u>1,991,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,024,926)</u>	<u>(5,024,926)</u>	<u>(1,647,850)</u>	<u>3,377,076</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	17,915	17,915
Insurance recoveries	-	-	74,159	74,159
Issuance of notes payable	-	-	562,500	562,500
Transfers in	-	-	2,778,631	2,778,631
Total other financing sources (uses)	-	-	<u>3,433,205</u>	<u>3,433,205</u>
NET CHANGE IN FUND BALANCE	<u>(5,024,926)</u>	<u>(5,024,926)</u>	<u>1,785,355</u>	<u>6,810,281</u>
FUND BALANCE - BEGINNING	<u>7,480,034</u>	<u>7,480,034</u>	<u>7,480,034</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,455,108</u>	<u>\$ 2,455,108</u>	<u>\$ 9,265,389</u>	<u>\$ 6,810,281</u>

CITY OF MINERAL WELLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budgetary Information

As set forth in the City Charter, the City Council adopts an annual appropriated budget for the general fund, significant special revenue funds, debt service fund and enterprise funds. The major special revenue fund American Rescue Plan Act doesn't have an annual adopted budget. The budget is prepared by fund, department and object, with the legal level of budgetary control being the object level. An annual appropriated budget for the capital projects fund was adopted at the project level. The City Manager is authorized to transfer budget amounts between object levels within a department during the budget year, with Council approval, and between departments within a fund during the last three months of the fiscal year by resolution of City Council.

Excess of Expenditures over Budget

The parks and recreation, cemetery, capital outlay and debt service functions were over budget for the current fiscal year in the amount of \$4,195, \$7,753, \$250,604, and \$133,920, respectively. These overages were funded with more revenue than anticipated.

CITY OF MINERAL WELLS, TEXAS

SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement period ended December 31,	2022	2021	2020
A. Total pension liability			
Service Cost	\$ 1,103,715	\$ 1,089,094	\$ 1,123,022
Interest (on the Total Pension Liability)	2,577,396	2,458,430	2,363,406
Difference between expected and actual experience	(253,135)	262,246	(80,901)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(2,088,482)	(2,020,767)	(1,940,824)
Net change in total pension liability	1,339,494	1,789,003	1,464,703
Total pension liability - beginning	<u>38,676,027</u>	<u>36,887,024</u>	<u>35,422,321</u>
Total pension liability - ending (a)	<u>40,015,521</u>	<u>38,676,027</u>	<u>36,887,024</u>
B. Plan fiduciary net position			
Contributions - Employer	794,635	818,964	863,560
Contributions - Employee	487,507	477,254	489,548
Net Investment Income	(2,934,655)	4,724,898	2,598,907
Benefit payments, including refunds of employee contributions	(2,088,482)	(2,020,767)	(1,940,824)
Administrative Expenses	(25,431)	(21,884)	(16,841)
Other	<u>30,348</u>	<u>149</u>	<u>(656)</u>
Net change in plan fiduciary net position	(3,736,078)	3,978,614	1,993,694
Plan fiduciary net position - beginning	<u>40,259,406</u>	<u>36,280,792</u>	<u>34,287,098</u>
Plan fiduciary net position - ending (b)	<u>36,523,328</u>	<u>40,259,406</u>	<u>36,280,792</u>
C. Net pension liability - ending (a) - (b)			
	<u>\$ 3,492,193</u>	<u>\$ (1,583,379)</u>	<u>\$ 606,232</u>
D. Plan fiduciary net position as a percentage of total pension liability			
	91.27%	104.09%	98.36%
E. Covered payroll			
	\$ 9,750,118	\$ 9,545,081	\$ 9,790,954
F. Net position liability as a percentage of covered payroll			
	35.82%	-16.59%	6.19%

Note - GASB 68 requires 10 years of data to be reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

2019	2018	2016	2015	2014
\$ 1,015,462	\$ 958,663	\$ 873,843	\$ 793,213	\$ 721,608
2,254,838	2,172,937	2,005,609	2,002,024	1,930,010
98,397	(13,653)	(262,015)	(556,504)	(439,509)
137,741	-	-	154,810	-
(1,962,792)	(1,903,189)	(1,461,845)	(1,181,095)	(1,257,183)
1,543,646	1,214,758	1,155,592	1,212,448	954,926
<u>33,878,675</u>	<u>32,663,917</u>	<u>30,006,729</u>	<u>28,794,281</u>	<u>27,839,355</u>
<u>35,422,321</u>	<u>33,878,675</u>	<u>31,162,321</u>	<u>30,006,729</u>	<u>28,794,281</u>
763,758	701,889	665,728	677,539	699,904
432,480	402,461	376,008	358,271	346,582
4,691,958	(962,720)	1,839,795	40,373	1,492,992
(1,962,792)	(1,903,189)	(1,461,845)	(1,181,095)	(1,257,183)
(26,546)	(18,624)	(20,786)	(24,593)	(15,587)
<u>(798)</u>	<u>(973)</u>	<u>(1,120)</u>	<u>(1,215)</u>	<u>(1,282)</u>
3,898,060	(1,781,156)	1,397,780	(130,720)	1,265,426
<u>30,389,038</u>	<u>32,170,194</u>	<u>27,232,917</u>	<u>27,363,637</u>	<u>26,098,211</u>
<u>34,287,098</u>	<u>30,389,038</u>	<u>28,630,697</u>	<u>27,232,917</u>	<u>27,363,637</u>
<u>\$ 1,135,223</u>	<u>\$ 3,489,637</u>	<u>\$ 2,531,624</u>	<u>\$ 2,773,812</u>	<u>\$ 1,430,644</u>
96.80%	89.70%	91.88%	90.76%	95.03%
\$ 8,649,595	\$ 8,049,224	\$ 7,520,165	\$ 7,165,427	\$ 6,893,077
13.12%	43.35%	33.66%	38.71%	20.75%

CITY OF MINERAL WELLS, TEXAS
TMRS SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal year ended September 30,	2023	2022	2021
Actuarial determined contribution	<u>\$ 865,292</u>	<u>\$ 818,964</u>	<u>\$ 863,560</u>
Contributions in relation to the actuarially determined contribution	<u>\$ 865,292</u>	<u>\$ 818,964</u>	<u>\$ 863,560</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	10,245,942	9,545,081	9,790,954
Contributions as a percentage of covered payroll	8.45%	8.58%	8.82%

Note - GASB 68 requires 10 years of data to be reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

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	14 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

2020	2019	2018	2017	2016	2015
\$ 763,758	\$ 701,889	\$ -	\$ 665,728	\$ 677,539	\$ 699,904
<u>\$ 763,758</u>	<u>\$ 701,889</u>	<u>\$ -</u>	<u>\$ 665,728</u>	<u>\$ 677,539</u>	<u>\$ 699,904</u>
-	-	-	-	-	-
8,649,595	8,049,224	-	7,520,165	7,165,427	6,893,077
8.77%	8.77%	9.17%	9.25%	9.87%	10.33%

CITY OF MINERAL WELLS, TEXAS

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - TESRS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date August 31,	2022	2021
City's proportion of the net pension liability	0.073%	0.078%
City's proportionate share of the net pension liability	\$ 29,952	\$ 8,358
Plan fiduciary net position as a percentage of the total pension liability	75.20%	93.10%

SCHEDULE OF CITY'S TESRS CONTRIBUTIONS

Fiscal year ended September 30,	2023	2022	2021
Contractually required contribution	\$ 6,000	\$ 3,534	\$ 3,744
Contributions in relation to the contractually required contribution	(6,000)	(3,534)	(3,744)
Contribution deficiency (excess)	-	-	-

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

2020	2019	2018	2017	2016	2015
0.154%	0.193%	0.160%	0.174%	0.216%	0.251%
\$ 38,825	\$ 54,707	\$ 34,641	\$ 50,683	\$ 57,656	\$ 45,611
83.20%	80.20%	84.30%	76.34%	76.89%	83.46%

2020	2019	2018	2017	2016	2015
\$ 7,164	\$ 8,634	\$ 7,674	\$ 7,848	\$ 7,956	\$ 10,224
(7,164)	(8,634)	(7,674)	(7,848)	(7,956)	(10,224)

CITY OF MINERAL WELLS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS MUNICIPAL RETIREMENT SYSTEM -
 SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE LAST TEN YEARS WITH MEASUREMENTS DATE OF DECEMBER 31

Measurement period ended December 31,	2022	2021	2020
A. Total OPEB liability			
Service Cost	\$ 45,826	\$ 42,953	\$ 41,122
Interest (on the Total OPEB Liability)	14,112	14,805	17,525
Changes of assumptions	(240,329)	21,646	90,235
Difference between expected and actual experience	(10,747)	(37,250)	(34,832)
Benefit payments, including refunds of employee contributions	(16,575)	(17,181)	(6,854)
Net change in Total OPEB liability	(207,713)	24,973	107,196
Total OPEB liability - beginning	752,321	727,348	620,152
Total OPEB liability - ending (a)	544,608	752,321	727,348
B. Covered-employee payroll			
	\$ 9,750,118	\$ 9,545,081	\$ 9,790,954
C. Total OPEB liability as a percentage of covered-employee payroll			
	5.59%	7.88%	7.43%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	2019	2018	2017
\$	33,733	35,417	31,003
23,356		15,814	15,156
94,952		(31,206)	33,576
(141,958)		137,581	-
	<u>(5,190)</u>	<u>(4,830)</u>	<u>(5,426)</u>
4,893		152,776	74,309
<u>615,259</u>		<u>462,483</u>	<u>388,174</u>
<u>620,152</u>		<u>615,259</u>	<u>462,483</u>
\$	8,649,595	\$ 8,049,224	\$ 7,750,836
	7.17%	7.64%	5.97%

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SUPPLEMENTARY INFORMATION

CITY OF MINERAL WELLS, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

Special Revenue Funds						
	Hotel/Motel Ocuupancy Tax	Police Department Forfeitures	TIF Zone #2	Library		
ASSETS						
Cash and cash equivalents	\$ 26,700	\$ 29,910	\$ 1,392,768	\$ 285,008		
Investments	-	-	-	-		
Receivables						
Taxes, net	95,890	-	823,774	-		
Leases	-	-	-	-		
Other	-	-	-	-		
Due from other funds	16,376	-	-	-		
Total assets	<u>138,966</u>	<u>29,910</u>	<u>2,216,542</u>	<u>285,008</u>		
LIABILITIES						
Accounts payable	16,376	-	-	-		
Due to other funds	-	-	16,376	-		
Total Liabilities	<u>16,376</u>	<u>-</u>	<u>16,376</u>	<u>-</u>		
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	92,207	-		
Unavailable revenue - leases	-	-	-	-		
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>92,207</u>	<u>-</u>		
FUND BALANCES						
Nonspendable - Woodland park	-	-	-	-		
Restricted						
Economic development	122,590	-	2,107,959	-		
Public safety	-	29,910	-	-		
Library	-	-	-	285,008		
Debt service	-	-	-	-		
Committed - streets	-	-	-	-		
Total fund balances	<u>122,590</u>	<u>29,910</u>	<u>2,107,959</u>	<u>285,008</u>		
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 138,966</u>	<u>\$ 29,910</u>	<u>\$ 2,216,542</u>	<u>\$ 285,008</u>		

Special Revenue Funds			Debt Service		Capital Projects		Permanent		Total Non-Major Governmental Funds
Economic Development Fund	Mineral Wells Economic Development Corporation	Total Special Revenue Funds	Debt Service	Street	Woodland Park				
\$ 22,672 28,203	\$ 1,458,113 -	\$ 3,215,171 28,203	\$ 258,066 -	\$ 1,357,100 76,843	\$ 297,173 322,903				\$ 5,127,510 427,949
-	87,155	1,006,819	8,878	-	-				1,015,697
-	-	-	1,072,458	-	-				1,072,458
-	-	-	6	-	-				6
-	-	16,376	-	-	-				16,376
<u>50,875</u>	<u>1,545,268</u>	<u>4,266,569</u>	<u>1,339,408</u>	<u>1,433,943</u>	<u>620,076</u>				<u>7,659,996</u>
-	265	16,641	15,062	92,993	-				124,696
-	-	16,376	-	-	-				16,376
-	265	33,017	15,062	92,993	-				141,072
-	-	92,207	5,957	-	-				98,164
-	-	-	1,061,989	-	-				1,061,989
-	-	92,207	1,067,946	-	-				1,160,153
-	-	-	-	-	-				620,076
50,875	1,545,003	3,826,427	-	-	-				3,826,427
-	-	29,910	-	-	-				29,910
-	-	285,008	-	-	-				285,008
-	-	-	256,400	-	-				256,400
-	-	-	-	1,340,950	-				1,340,950
<u>50,875</u>	<u>1,545,003</u>	<u>4,141,345</u>	<u>256,400</u>	<u>1,340,950</u>	<u>620,076</u>				<u>6,358,771</u>
<u>\$ 50,875</u>	<u>\$ 1,545,268</u>	<u>\$ 4,266,569</u>	<u>\$ 1,339,408</u>	<u>\$ 1,433,943</u>	<u>\$ 620,076</u>				<u>\$ 7,659,996</u>

CITY OF MINERAL WELLS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds				
	Hotel/Motel Occupancy Tax	Police Department Forfeitures	TIF Zone #2	Library	
	\$	\$	\$	\$	
REVENUES					
Taxes					
Property	-	-	1,158,963	\$	-
Occupancy	403,196	-	-		
Sales and use	-	-	-		
Leases	-	-	-		
Investment income	1,300	743	27,108		6,761
Total revenues	<u>404,496</u>	<u>743</u>	<u>1,186,071</u>		<u>6,761</u>
EXPENDITURES					
Current					
Public works - streets	-	-	-		
Economic development	310,218	-	288,965		
Capital outlay	-	-	-		
Debt service					
Principal	-	-	-		
Interest and other	-	-	-		
Total expenditures	<u>310,218</u>	<u>-</u>	<u>288,965</u>		<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>94,278</u>	<u>743</u>	<u>897,106</u>		<u>6,761</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(43,082)	-	-		
Total other financing sources (uses)	<u>(43,082)</u>	<u>-</u>	<u>-</u>		<u>-</u>
NET CHANGE IN FUND BALANCE					
	<u>51,196</u>	<u>743</u>	<u>897,106</u>		<u>6,761</u>
FUND BALANCE - BEGINNING					
	<u>71,394</u>	<u>29,167</u>	<u>1,210,853</u>		<u>278,247</u>
FUND BALANCE - ENDING					
	<u>\$ 122,590</u>	<u>\$ 29,910</u>	<u>\$ 2,107,959</u>		<u>\$ 285,008</u>

Economic Development Fund	Special Revenue Funds			Debt Service	Capital Projects	Permanent	Total Non-Major Governmental Funds
	Mineral Wells	Economic Development Corporation	Total Special Revenue Funds	Debt Service	Street	Woodland Park	
\$ -	\$ -	\$ 1,158,963	\$ 380,056	\$ -	\$ -	\$ -	\$ 1,539,019
-	-	403,196	-	-	-	-	403,196
-	469,337	469,337	-	-	-	-	469,337
-	-	-	194,572	-	-	-	194,572
1,694	31,323	68,929	6,865	73,182	13,210	13,210	162,186
<u>1,694</u>	<u>500,660</u>	<u>2,100,425</u>	<u>581,493</u>	<u>73,182</u>	<u>13,210</u>	<u>13,210</u>	<u>2,768,310</u>
-	-	-	-	2,155	-	-	2,155
-	65,450	664,633	-	-	-	-	664,633
-	-	-	-	1,918,025	-	-	1,918,025
-	-	-	313,688	-	-	-	313,688
-	-	-	187,700	-	-	-	187,700
-	65,450	664,633	501,388	1,920,180	-	-	3,086,201
<u>1,694</u>	<u>435,210</u>	<u>1,435,792</u>	<u>80,105</u>	<u>(1,846,998)</u>	<u>13,210</u>	<u>(317,891)</u>	
-	-	(43,082)	-	-	-	-	(43,082)
-	-	(43,082)	-	-	-	-	(43,082)
1,694	435,210	1,392,710	80,105	(1,846,998)	13,210	(360,973)	
49,181	1,109,793	2,748,635	176,295	3,187,948	606,866	6,719,744	
<u>\$ 50,875</u>	<u>\$ 1,545,003</u>	<u>\$ 4,141,345</u>	<u>\$ 256,400</u>	<u>\$ 1,340,950</u>	<u>\$ 620,076</u>	<u>\$ 6,358,771</u>	

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