CITY OF ALEDO, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2022

CITY OF ALEDO, TEXAS
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and members
of the City Council
City of Aledo, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aledo, Texas (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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 as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

1115 Waters Edge Dr., Granbury, TX 76048 T:817-279-7052 F:817-579-7152 www.bmy-cpa.com
Members of American Institute of Certified Public Accountants / Members of Private Companies Practice

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Boucher, Morgan & Young

Granbury, Texas
October 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of the City of Aledo's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2022. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded liabilities at the close of the 2022 fiscal year by $33,854,029. Of this amount, $5,316,730 is restricted for specific purposes and $13,286,451 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. As required by GASB Statement No. 34, net position also reflects $15,250,848 that is the net investment in capital assets.

In contrast to the government-wide statements, the governmental fund statements report combined fund balances at year-end of $25,946,214, of which $19,734,589 represents restricted fund balance for Economic Development, capital/public improvements, debt service, and other legislative purposes. The General Fund unassigned fund balance is $6,211,625.

On page 38, the City's debt for certificates of obligation in the business-type activities decreased by $759,370. The decrease is due to paying the principal portion of scheduled annual debt service payments due in fiscal year 2022. The City also issued a certificate of obligation during the year in the governmental activities totaling $18,515,000. No debt service payments were required in fiscal year 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 private sector business. They present the financial picture of the City from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the City (excluding infrastructure purchased or donated prior to October 1, 2003) as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regard to interfund activity, payables, and receivables.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include Administration, Public Works, City Streets, Municipal Court, Parks and Recreation, and the Community Center. Appropriations with a contract are made to the East Parker County Library and the Parker County Sheriff's Office. The business-type activity of the City is Water and Sewer Operations and contracting for solid waste services. All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government). The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains eight governmental funds, the general fund, the economic development corporation fund, the grant fund, the capital projects fund, the debt service fund, the TIRZ fund, and court security and technology 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, the capital projects fund, and the grant fund. All other nonmajor funds are aggregated and presented as Other Governmental Funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement (original versus final) has been provided in this report to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds - Proprietary funds can be further classified into two different types of funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City allocates costs directly to the operating departments and accordingly does not account or report any internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 20-24 of this report.

Notes to the basic 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 can be found on pages 25-48 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension and OPEB benefits. The required supplementary information can be found starting on page 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $33,854,029 as of September 30, 2022.

Net Position
September 30, 2022

	Governmental Activities		Business-type Activities		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Current and Other Assets	$ 27,649,146	$ 8,110,860	$ 11,814,032	$ 10,933,725	$ 39,463,178	$ 19,044,585
Capital Assets	9,292,700	8,723,422	21,130,815	21,666,433	30,423,515	30,389,855
Total Assets	36,941,846	16,834,282	32,944,847	32,600,158	69,886,693	49,434,440
Deferred Outflows of Resources	64,119	40,777	575,746	585,158	639,865	625,935
Long-term Liabilities	18,682,292	170,327	14,832,168	15,645,735	33,514,460	15,816,062
Other Liabilities	804,551	734,182	1,054,312	1,257,510	1,858,863	1,991,692
Total Liabilities	19,486,843	904,509	15,886,480	16,903,245	35,373,323	17,807,754
Deferred Inflows of Resources	1,256,244	627,118	42,962	-	1,299,206	627,118
Net Position:						
Net investment in capital assets	8,824,548	8,723,422	6,426,300	6,202,548	15,250,848	14,925,970
Restricted for:						
Economic Development	1,631,230	1,183,357	-	-	1,631,230	1,183,357
Capital improvements	89,281	39,336	3,254,734	6,931,884	3,344,015	6,971,220
Public Safety	3,796	8,094	-	-	3,796	8,094
Debt Service	337,689	-	-	622,389	337,689	622,389
Unrestricted	5,376,334	5,389,223	7,910,117	2,525,250	13,286,451	7,914,473
Total Net Position	$ 16,262,878	$ 15,343,432	$ 17,591,151	$ 16,282,071	$ 33,854,029	$ 31,625,503

A large portion of the City's net position (45.0%) reflects its investment in capital assets (land, building, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses those assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional $5,316,730 or 15.7% of the City's net position represents resources that are subject to external restrictions on how they may be used. The majority of the restricted assets of the City are being held for capital improvements, debt service requirements on the City's outstanding debt, and economic development. The remaining portion of the City's net position ($13,286,451, or 39.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position
September 30, 2022

	Governmental Activities		Business-type Activities		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Revenue						
Program revenue						
Fines, fees, and charges for services	$ 760,181	$ 916,051	$ 3,873,869	$ 2,953,106	$ 4,634,050	$ 3,869,157
Operating grants and contributions	33,117	48,772	-	-	33,117	48,772
Capital grants and contributions	812,372	27,419	320,443	397,842	1,132,815	425,261
General revenue						
Property taxes	1,925,097	1,781,090	-	-	1,925,097	1,781,090
Sales taxes	1,687,901	1,424,252	-	-	1,687,901	1,424,252
Franchise taxes	354,835	309,686	-	-	354,835	309,686
Investment earnings	147,714	4,093	53,912	5,277	201,626	9,370
Disposal of capital assets	-	(49,683)	-	-	-	(49,683)
Miscellaneous	43,456	28,436	-	-	43,456	28,436
Total revenues	5,764,673	4,490,116	4,248,224	3,356,225	10,012,897	7,846,341
Expense						
Administration	1,382,248	1,606,199	-	-	1,382,248	1,606,199
Public works and city streets	2,201,416	1,759,264	-	-	2,201,416	1,759,264
Municipal court	7,683	4,841	-	-	7,683	4,841
Parks and recreation	380,131	324,957	-	-	380,131	324,957
Community center	41,891	28,824	-	-	41,891	28,824
Interest and debt issue costs	488,108	-	-	-	488,108	-
Water and Sewer	-	-	3,282,894	2,961,171	3,282,894	2,961,171
Total expenses	4,501,477	3,724,085	3,282,894	2,961,171	7,784,371	6,685,256
Change in Net Position Before Transfers	1,263,196	766,031	965,330	395,054	2,228,526	1,161,085
Transfers	(343,750)	(328,672)	343,750	328,672	-	-
Change in Net Position	919,446	437,359	1,309,080	723,726	2,228,526	1,161,085
Net Position, beginning of year	15,343,432	14,906,073	16,282,071	15,558,345	31,625,503	30,464,418
Net Position, end of year	$ 16,262,878	$ 15,343,432	$ 17,591,151	$ 16,282,071	$ 33,854,029	$ 31,625,503

In total, the City's total net position increased by $2,228,526 during the current fiscal year. The City's governmental activities including transfers increased net position by $919,446. The total cost of all governmental activities this year was $4,501,477. The amount that taxpayers paid for these activities through property taxes was $1,925,097 or 33.3% of total revenue. The City's business-type activities increased net position by $1,309,080. The total cost of all business-type activities for fiscal year 2022 was $3,282,894.

Governmental activities – Governmental activities increased the City's net position by $919,446. The key elements of this increase are as follows:

- Increase of property taxes of approximately $144,007.
- Increase of sales taxes of approximately $263,649.

Business-type activities – Business-type activities increased the City's net position by $1,309,080. The key element of this increase was Charges of Services and capital contributions exceeding related expenses by $911,418.

FINANCIAL ANALYSIS OF GOVERNMENTAL 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. 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 combined ending fund balances of $25,946,214, an increase of $19,146,998 from the prior year. Unassigned fund balance reported in the general fund of $6,211,625, an increase of $643,196 over the prior year, represents amounts available for spending at the City's discretion. The key factor in this increase was savings through efficient operation of various City Departments as well as increases in property and sales taxes.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no significant adjustments made to the 2021 – 2022 General Fund annual budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's investments in total capital assets for its governmental and business-type activities as of September 30, 2022, amount to $30,423,515 (net of accumulated depreciation). Investments in capital assets related to governmental activities of $9,292,700, includes land and land rights, buildings and improvements, street reconstruction, other improvements, vehicles, and office furniture and equipment. The City's investments in capital assets related to business-type activities of $21,130,815, includes land and land rights, the water and sewer systems, vehicles and other equipment.

City of Aledo, Texas
Capital Assets
September 30, 2022

	Governmental Activities		Business-type Activities		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Land	$ 569,625	$ 569,625	$ 419,604	$ 419,604	$ 989,229	$ 989,229
Construction in progress	576,573	373,645	1,514,061	1,371,704	2,090,634	1,745,349
Water and sewer system	-	-	29,019,820	29,019,820	29,019,820	29,019,820
Buildings and improvements	498,351	498,351	3,210	3,210	501,561	501,561
Street infrastructure	10,676,421	9,683,219	-	-	10,676,421	9,683,219
Vehicles	279,967	279,967	110,652	42,393	1,715,547	1,647,288
Machinery and equipment	205,866	205,866	322,159	322,159	602,126	602,126
Storm water drainage	1,604,895	1,604,895	-	-	205,866	205,866
Other improvements	893,287	876,540	-	-	893,287	876,540
Accumulated depreciation	(6,012,285)	(5,368,686)	(10,258,691)	(9,512,457)	(16,270,976)	(14,881,143)
Total	$ 9,292,700	$ 8,723,422	$ 21,130,815	$ 21,666,433	$ 30,423,515	$ 30,389,855

Additional information on the City's capital assets can be found in Note IV of this report.

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of $33,267,242. In total, the City's long-term debt increased by $17,803,357 during the current fiscal year.

City of Aledo, Texas
Long Term Debt
September 30, 2022

	Governmental Activities		Business-type Activities		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Certificates of Obligation	$ 18,562,727	$ -	$ 14,704,515	$ 15,463,885	$ 33,267,242	$ 15,463,885
Total	$ 18,562,727	$ -	$ 14,704,515	$ 15,463,885	$ 33,267,242	$ 15,463,885

State statutes limit the total property tax rate to $2.50 per $100 assessed valuation. The City's total property tax rate for 2021-22 was $0.327147 per $100 assessed valuation, of which $0.0578474 was for annual debt service. Additional information on the City's long-term debt can be found in Note V of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES – The annual budget is developed to provide efficient, effective and economic uses of the City's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities.

In considering the Fiscal Year 2024 budget, City Council and management considered the following factors:

- The FY2024 adopted property tax rate was $0.383113 per $100 assessed valuation.
- The major expenditure categories, including debt service, were for
  - Increased expenditures for personnel costs
  - City street improvements
  - Planning and engineering for multiple City projects

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the City Secretary at: 200 Old Annetta Road, Aledo TX 76008.

BASIC FINANCIAL STATEMENTS

CITY OF ALEDO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and equivalents	$ 26,788,645	$ 7,333,209	$ 34,121,854
Receivables:			
Property taxes, net of allowance	13,467	-	13,467
Sales taxes	323,152	-	323,152
Accounts, net of allowance	140,997	551,597	692,594
Other current assets	19,050	6,139	25,189
Internal balances	(436,174)	436,174	-
Restricted cash and equivalents	800,009	3,486,913	4,286,922
Capital assets (net of accumulated depreciation):			
Land	569,625	419,604	989,229
Construction in progress	576,573	1,514,061	2,090,634
Buildings and improvements	238,367	2,004	240,371
Motor vehicles	38,705	68,259	106,964
Machinery and equipment	51,338	10,018	61,356
Water and sewer system	-	19,116,869	19,116,869
City streets	5,953,531	-	5,953,531
Storm water drainage	1,320,106	-	1,320,106
Other improvements	544,455	-	544,455
Total Assets	36,941,846	32,944,847	69,886,693
DEFERRED OUTFLOWS:			
Deferred loss on refunding	-	507,769	507,769
Related to TMRS pension	58,021	61,467	119,488
Related to TMRS OPEB	6,098	6,510	12,608
Total Deferred Outflows	64,119	575,746	639,865
Total Assets and Deferred Outflows	37,005,965	33,520,593	70,526,558
LIABILITIES:			
Accounts payable	441,955	746,394	1,188,349
Accrued liabilities	117,729	17,696	135,425
Accrued interest	244,867	46,302	291,169
Customer deposits	-	243,920	243,920
Noncurrent liabilities-			
Bonds payable - due within one year	-	774,370	774,370
Bonds payable - due in more than one year	18,562,727	13,930,145	32,492,872
Net pension liability	83,023	88,640	171,663
OPEB liability	36,542	39,013	75,555
Total Liabilities	19,486,843	15,886,480	35,373,323
DEFERRED INFLOWS:			
Unearned revenues	1,215,772	-	1,215,772
Related to TMRS pension	40,472	42,962	83,434
Total Deferred Inflows	1,256,244	42,962	1,299,206
NET POSITION:			
Net investment in capital assets	8,824,548	6,426,300	15,250,848
Restricted For:			
Economic development	1,631,230	-	1,631,230
Child safety	1,289	-	1,289
Court security	1,243	-	1,243
Court technology	1,264	-	1,264
Infrastructure/public improvements	89,281	-	89,281
System upgrade/expansion	-	3,254,734	3,254,734
Debt service	337,689	-	337,689
Unrestricted	5,376,334	7,910,117	13,286,451
Total Net Position	$ 16,262,878	$ 17,591,151	$ 33,854,029

The accompanying notes are an integral part of this statement

CITY OF ALEDO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Program Revenues		
Functions/Programs	Expenses	Fines, Fees, and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Administration	$ 1,382,248	$ 343,948	$ -	$ 33,117
Public works	713,095	365,786	-	-
City streets	1,488,321	-	812,272	-
Municipal court	7,683	5,488	-	-
Parks and recreation	380,131	16,606	100	-
Community center	41,891	28,353	-	-
Interest and debt issue costs	488,108	-	-	-
Total Governmental Activities	4,501,477	760,181	812,372	33,117
Business-type Activities:		590,975		
Water and Sewer	3,282,894	3,873,869	320,443	-
Total Business-type Activities	3,282,894	3,873,869	320,443	-
Total Primary Government	$ 7,784,371	$ 4,634,050	$ 1,132,815	$ 33,117

General Revenues:

Taxes:

Property

Sales

Franchise

Investment earnings

Miscellaneous revenues

Loss on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - Beginning

Net position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,005,183)	$ -	$ (1,005,183)
(347,309)	-	(347,309)
(676,049)	-	(676,049)
(2,195)	-	(2,195)
(363,425)	-	(363,425)
(13,538)	-	(13,538)
(488,108)	-	(488,108)
(2,895,807)	-	(2,895,807)
-	911,418	911,418
-	911,418	911,418
(2,895,807)	911,418	(1,984,389)
1,925,097	-	1,925,097
1,687,901	-	1,687,901
354,835	-	354,835
147,714	53,912	201,626
43,456	-	43,456
-	-	-
(343,750)	343,750	-
3,815,253	397,662	4,212,915
919,446	1,309,080	2,228,526
15,343,432	16,282,071	31,625,503
$ 16,262,878	$ 17,591,151	$ 33,854,029

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General Fund	Grant Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and equivalents	$ 5,874,635	$ 1,262,440	$ 18,094,575	$ 1,556,995	$ 26,788,645
Receivables					
Property taxes, net of allowance of $5,080	9,960	-	-	3,507	13,467
Sales taxes	215,435	-	-	107,717	323,152
Accounts	140,994	-	-	3	140,997
Due from other funds	421,982	-	-	-	421,982
Other current assets	5,137	-	-	13,913	19,050
Restricted cash and equivalents	26,149	-	-	773,860	800,009
Total Assets	$ 6,694,292	$ 1,262,440	$ 18,094,575	$ 2,455,995	$ 28,507,302
LIABILITIES:					
Liabilities:					
Accounts payable	$ 428,945	$ 12,910	$ -	$ 100	$ 441,955
Accrued liabilities	32,899	-	-	-	32,899
Due to other funds	-	-	421,982	436,174	858,156
Total Liabilities	461,844	12,910	421,982	436,274	1,333,010
DEFERRED INFLOWS:					
Unavailable revenue - property taxes	8,799	-	-	3,507	12,306
Unearned revenue	10,735	1,204,537	-	500	1,215,772
Total Deferred Inflows	$ 19,534	$ 1,204,537	$ -	$ 4,007	$ 1,228,078
FUND BALANCES:					
Restricted Fund Balances:					
Economic development	-	-	-	1,631,230	1,631,230
Child safety	1,289	-	-	-	1,289
Court security	-	-	-	1,243	1,243
Court technology	-	-	-	1,264	1,264
Infrastructure/capital/public improvements	-	44,993	17,672,593	44,288	17,761,874
Debt service	-	-	-	337,689	337,689
Unassigned	6,211,625	-	-	-	6,211,625
Total Fund Balances	6,212,914	44,993	17,672,593	2,015,714	25,946,214
Total Liabilities, Deferred Inflows, and Fund Balances	$ 6,694,292	$ 1,262,440	$ 18,094,575	$ 2,455,995	$ 28,507,302

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet		$ 25,946,214
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		9,292,700
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		12,306
The statement of net position includes the City's proportionate share of the TMRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.		
Net pension liability	(83,023)	
Deferred retirement contributions	56,882	
Deferred investment experience	(38,649)	
Deferred assumption/input changes	1,139	
Deferred actual vs. assumption	(1,824)	(65,475)
The statement of net position includes the City's proportionate share of the TMRS OPEB liability as well as certain OPEB related transactions accounted for as Deferred Inflows and Outflows of resources.		
OPEB liability	(36,542)	
Deferred retirement contributions	1,125	
Deferred assumption/input changes	4,670	
Deferred actual vs. assumption	304	(30,443)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.		(84,830)
Interest payable on noncurrent liabilities does not require current financial resources, therefore accrued interest is not reported as a liability in the governmental funds balance sheet.		(244,867)
Noncurrent liabilities and related balances are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Bonds payable	(18,515,000)	
Premium on bonds payable	(47,727)	(18,562,727)
Net position of governmental activities		$ 16,262,878

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Grant Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUE					
Taxes:					
Property	$ 1,541,432	$ -	$ -	$ 384,809	$ 1,926,241
Sales	1,125,921	-	-	561,980	1,687,901
Franchise	354,835	-	-	-	354,835
Building permits	343,948	-	-	-	343,948
Court fines and fees	5,488	-	-	-	5,488
Construction fees	365,786	-	-	-	365,786
Grant revenue	-	33,117	-	-	33,117
Interest income	37,870	4,436	94,576	10,832	147,714
Event revenue	16,606	-	-	-	16,606
Rental revenue	28,353	-	-	-	28,353
Other revenue	42,206	-	-	1,350	43,556
Total revenues	3,862,445	37,553	94,576	958,971	4,953,545
EXPENDITURES					
Current:					
Administration	1,273,834	-	-	88,952	1,362,786
Public works	711,823	-	-	-	711,823
City streets	214,768	-	-	-	214,768
Municipal court	7,683	-	-	-	7,683
Parks and recreation	258,186	-	-	28,815	287,001
Community center	41,891	-	-	-	41,891
Capital outlay	715,362	18,986	421,983	-	1,156,331
Bond issuance costs and fees	-	-	243,241	-	243,241
Total Expenditures	3,223,547	18,986	665,224	117,767	4,025,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	638,898	18,567	(570,648)	841,204	928,021
Other Financing Sources (Uses):					
Issuance of bonds payable	-	-	18,195,514	319,486	18,515,000
Premium on issuance of bonds payable	-	-	47,727	-	47,727
Transfers in	-	-	-	2,507	2,507
Transfers out	(2,507)	(12,910)	-	(330,840)	(346,257)
Total Other Financing Sources (Uses)	(2,507)	(12,910)	18,243,241	(8,847)	18,218,977
Net Change in Fund Balances	636,391	5,657	17,672,593	832,357	19,146,998
Fund Balances - Beginning	5,576,523	39,336	-	1,183,357	6,799,216
Fund Balances - Ending	$ 6,212,914	$ 44,993	$ 17,672,593	$ 2,015,714	$ 25,946,214

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds	$ 19,146,998
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(788,985)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives, and reported as depreciation expense.	545,991
Governmental funds do not recognize assets contributed by developers or donated to the City. However, the in statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives as depreciation expense.	812,272
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(1,144)
Net pension liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.	38,412
OPEB liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.	(4,780)
Current year changes in compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(21,724)
Current year changes in accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(244,867)
The issuance of bonds payable and related balances provide current financial resources to governmental funds, while the repayment of the liabilities uses the current financial resources. Neither transactions, however, has any effect on net position.	(18,562,727)
Change in net position of governmental activities	$ 919,446

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022

		Enterprise Fund
ASSETS:		Water and Sewer Fund
Current Assets:		
Cash and equivalents	$	7,333,209
Receivables, net of allowance of $41,043		551,597
Due from other funds		436,174
Other current assets		6,139
Total Current Assets		8,327,119
Noncurrent Assets:		
Capital Assets:		
Land		419,604
Construction in progress		1,514,061
Buildings and improvements		3,210
Motor vehicles		110,652
Machinery and equipment		322,159
Water and sewer system		29,019,820
Less accumulated depreciation		(10,258,691)
Restricted cash and equivalents		3,486,913
Total Noncurrent Assets		24,617,728
Total Assets		32,944,847
DEFERRED OUTFLOWS:		
Deferred loss on refunding		507,769
Related to TMRS pension		61,467
Related to TMRS OPEB		6,510
Total Deferred Outflows		575,746
Total Assets and Deferred Outflows		33,520,593

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF NET POSITION - CONTINUED

PROPRIETARY FUND

SEPTEMBER 30, 2022

	Enterprise Fund
LIABILITIES:	Water and Sewer Fund
Current Liabilities:	
Accounts payable	746,394
Accrued liabilities	17,696
Accrued interest	46,302
Customer deposits	243,920
Current portion of bonds payable	774,370
Total Current Liabilities	1,828,682
Noncurrent Liabilities:	
Net pension liability	88,640
OPEB liability	39,013
Bonds payable	13,930,145
Total Noncurrent Liabilities	14,057,798
Total Liabilities	15,886,480
DEFERRED INFLOWS:	
Related to TMRS pension	42,962
Total Deferred Inflows	42,962
NET POSITION:	
Net investment in capital assets	6,426,300
Restricted - system upgrade/expansion	3,254,734
Unrestricted	7,910,117
Total net position	$ 17,591,151

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES:	
Water and sewer service	$ 3,826,084
Credit card fees	5,319
Meter box fee	30,375
Other revenues	12,091
Total Operating Revenues	3,873,869
OPERATING EXPENSES:	
Administrative costs	527,005
Supplies and maintenance	1,287,156
Utilities	77,382
Professional and contract services	209,967
Credit card expense	47,126
Other operating expenses	10,469
Depreciation	746,234
Total Operating Expenses	2,905,339
Operating Income (loss)	968,530
NON-OPERATING REVENUES (EXPENSES)	
Impact fees	320,443
Interest income	53,912
Interest, amortization and fees paid on debt issuance	(377,555)
Total Non-operating Revenues (Expenses)	(3,200)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Transfers in	343,750
Total Capital Contributions and Transfers	343,750
Change in Net Position	1,309,080
Net position - Beginning	16,282,071
Net Position - Ending	$ 17,591,151

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 3,757,357
Cash paid to employees	(450,399)
Cash paid to suppliers	(1,957,069)
Cash paid to other funds	(436,174)
Net Cash Provided By Operating Activities	913,715
Cash Flows from Non-capital Financing Activities:	
Transfers from other funds	343,750
Net Cash Provided By Non-capital Financing Activities	343,750
Cash Flows from Capital and Related Financing Activities:	
Principal repayment on debt	(715,000)
Interest, amortization and fees paid on debt issuance	(390,211)
Purchase of capital assets	(210,616)
Impact fees	320,443
Net Cash Used in Capital & Related Financing Activities	(995,384)
Cash Flows from Investing Activities:	
Interest on investments	53,912
Net Cash Provided By Investing Activities	53,912
Net Increase (Decrease) in Cash and Cash Equivalents	315,993
Cash and Cash Equivalents at Beginning of Year	10,504,129
Cash and Cash Equivalents at End of Year	$ 10,820,122

Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position

	Current Assets	Restricted Assets	Statement of Cash Flows Totals
Cash and Cash Equivalents - Beginning	$ 6,192,598	$ 4,311,531	$ 10,504,129
Net increase (decrease)	1,140,611	(824,618)	315,993
Cash and Cash Equivalents - Ending	$ 7,333,209	$ 3,486,913	$ 10,820,122

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2022

Reconciliation of Operating Income to Net Cash	
Provided By Operating Activities:	
Operating Income	$ 968,530
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation and amortization	746,234
Change in Assets and Liabilities:	
(Increase) Decrease in:	
Receivables	(130,432)
Other current assets	2,292
Deferred outflows	(24,440)
Due from other funds	(436,174)
Increase (Decrease) in:	
Accounts payable	(173,655)
Accrued expenses	(41,325)
Customer deposits	13,920
Net pension liability	(58,420)
OPEB liability	4,223
Deferred inflows	42,962
Total Adjustments	(54,815)
Net Cash Provided By Operating Activities	$ 913,715

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The City of Aledo, Texas (the City) was incorporated in 1963 and operates under a Council-City Manager form of government. The City provides: administration, public works and streets, water and sewer, municipal court, parks and recreation, and community center. The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. General accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The more significant accounting policies of the City are described below:

A. The Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and 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.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of the fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

The following entity was found to be a component unit of the City and is included in the accompanying financial statements:

I. Summary of Significant Accounting Policies (continued)

A. The Reporting Entity (continued)

Aledo Economic Development Corporation – On May 10, 2008, the voters approved the creation of the Aledo Economic Development Corporation (EDC) for the purpose of projects and improvements that promote economic development within the City. Funding for the EDC is generated from 0.50% sales tax. The EDC's governing body is substantially the same as the governing body of the City. There are seven directors appointed by City Council. At least three of the directors must not be employees, officers, or members of the City Council. The EDC is authorized to sell bonds or other forms of indebtedness. Upon dissolution, the assets of the EDC shall be distributed to the City. The EDC is reported as a governmental activity in the government-wide financial statements and as a Special Revenue Fund in the governmental fund financial statements.

Separate financial statements of this component have not been prepared.

B. Basis of Presentation

Government-wide Statements:

The statement of net position and the statement of activities include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All other funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The City reports the following major Governmental funds:

The ***General Fund*** is the City's primary operating fund. This fund is used to account for all financial resources not reported in other funds. 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 ***Capital Projects Fund*** is used to account for the proceeds from issuance of bonds payable and the expenditure of those funds for capital projects and improvements throughout the City.

The ***Grant Fund*** is used for the receipt and expenditure of federal, state, and local grants in accordance with their stated purpose.

The City reports the following major Enterprise fund:

The ***Water and Sewer Fund*** reports for revenues and expenses associated with water and sewer services for the citizens of the City. Activities of the fund include administration, operations, and maintenance of the water, sewer and sanitation system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for enterprise debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. 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.

I. Summary of Significant Accounting Policies (continued)

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

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectable 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. Property taxes, interest revenue, charges for services, franchise taxes and sales tax revenues are susceptible to accrual. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash. 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.

D. Budgetary Control

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for general fund. The appropriated budget is prepared by fund and department. The budget, as formally adopted by the City Council, establishes the maximum authorization of operating funds to be expended by any fund. Any subsequent amendment thereto must be approved by the Council. The legal level of budget control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The City is not legally required to adopt a budget for the economic development corporation fund or the grant fund. Therefore, budget comparison information is not included in the City’s financial statements.

E. Cash and Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have an original maturity of three months or less when purchased.

I. Summary of Significant Accounting Policies (continued)

F. Capital Assets

Capital assets purchased or constructed are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other capital assets.

Capital assets are defined by the City as assets with an initial individual cost of $3,000 or more and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and improvements	15 – 30 years
Motor vehicles	3 – 15 years
Machinery and equipment	3 – 15 years
Water and sewer system	5 – 40 years
City streets	15 years
Storm water drainage	40 years
Other improvements	3 – 15 years

G. Accrued Compensated Absences

The City Council has adopted a policy whereby employees are paid lump sum payments for unused vacation and sick time if they leave City employment. Upon termination, up to 20 days of vacation and a portion of sick leave (maximum of 50 hours) if the employee meets the prescribed conditions for each.

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. An example is unavailable revenue resulting from property taxes which is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Summary of Significant Accounting Policies (continued)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS' consulting agency, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Pension liabilities are generally liquidated with resources of the general fund and enterprise fund.

J. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the employer's yearly contributions for retirees. Information regarding the City's OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

OPEB liabilities are generally liquidated with resources of the general fund and enterprise fund.

II. Summary of Significant Accounting Policies (continued)

K. Fund Balance and Net Position

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: This classification includes amounts that cannot be spent because they are either (a) not in the spendable form or (b) are legally or contractually required to be maintained intact. Non spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: 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: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution 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: 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 intent can be expressed by the City Council.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

Net position represents the difference between assets and liabilities. Net investment 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 its 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. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

I. Summary of Significant Accounting Policies (continued)

L. Use of Estimates

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

M. Implementation of New Accounting Standards

In 2022, the City implemented GASB Statement No. 87, Leases. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government' leasing activities.

The City did not have any lease agreements that met the criteria of GASB Statement No. 87, *Leases*, for fiscal year 2022.

II. Deposits and Short-Term Investments

Cash and investments as of September 30, 2022 consist of the following:

	Cash Deposits	TexStar
Governmental activities:		
General fund	$ 3,948,057	$ 1,952,727
Capital projects fund	-	18,094,575
Grant fund	1,262,440	-
Non-Major Funds	2,075,747	255,108
Business-type activity:		
Water and sewer fund	5,725,873	5,094,249
Total	$ 13,012,117	$ 25,396,659

II. Deposits and Short-Term Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2022, the City had investments in TexStar totaling $25,396,659 which had a weighted average maturity of 31 days.

As of September 30, 2022, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, is AAA. The actual rating as of September 30, 2022 for TexStar was AAAm.

Concentration of Credit Risk

In accordance with the City's Investment policy, the City limits their exposure of concentration of credit risk by restricting investments in the following investment instruments:

	Maximum Percentage of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	80%
Authorized Local Government Investment Pools	100%
Fully Collateralized Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	10%
SEC-Regulated No-Load Money Market Mutual Funds	50%

II. Deposits and Short-Term Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transactions, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2022, the carrying amount of the City's cash on hand and deposits were $13,012,117 and the bank balance was $13,145,187. $250,000 of the bank balance was covered by depository insurance under the Federal Depository Insurance Corporation (FDIC insured), with the remaining balance secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The City is a voluntary participant in the TexStar external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexStar. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexStar and other persons who do not have a business relationship with TexStar. TexStar uses net asset value rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. The City, at its option, can withdraw funds within a twenty-four hour period from TexStar.

III. Property Taxes

Taxes assessed on valuations as of January 1 each year are levied during the subsequent fiscal year beginning October 1. Property taxes attach as an enforceable lien on property at the time levied. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and when they are expected to be collected during a 60 day period after the close of the fiscal year. The City has its property taxes collected by the Parker County Tax Assessor/Collector. Property taxes that are deemed uncollectible are presented as a reserve against revenues and property taxes receivable.

IV. Capital Assets

Capital assets activity for the year ended September 30, 2022, is as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 569,625	$ -	$ -	$ 569,625
Construction in progress	373,645	594,970	(392,042)	576,573
Total assets not being depreciated	943,270	594,970	(392,042)	1,146,198
Capital assets, being depreciated:				
Buildings and improvements	498,351	-	-	498,351
City streets	9,683,219	993,202	-	10,676,421
Storm water drainage	1,604,895	-	-	1,604,895
Motor vehicles	279,967	-	-	279,967
Machinery and equipment	205,866	-	-	205,866
Other improvements	876,540	162,133	(145,386)	893,287
Total capital assets being depreciated	13,148,838	1,155,335	(145,386)	14,158,787
Accumulated depreciation:				
Buildings and improvements	244,075	15,909	-	259,984
City streets	4,086,466	636,424	-	4,722,890
Storm water drainage	244,716	40,073	-	284,789
Motor vehicles	226,883	14,379	-	241,262
Machinery and equipment	154,528	-	-	154,528
Other improvements	412,018	82,200	(145,386)	348,832
Total accumulated depreciation	5,368,686	788,985	(145,386)	6,012,285
Total capital assets being depreciated, net	7,780,152	366,350	-	8,146,502
Governmental activities capital assets, net	$ 8,723,422	$ 961,320	$ (392,042)	$ 9,292,700

IV. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 419,604	$ -	$ -	$ 419,604
Construction in process	1,371,704	203,617	(61,260)	1,514,061
Total assets not being depreciated	1,791,308	203,617	(61,260)	1,933,665
Capital assets, being depreciated:				
Water and sewer system	29,019,820	-	-	29,019,820
Buildings and improvements	3,210	-	-	3,210
Motor vehicles	42,393	68,259	-	110,652
Machinery and equipment	322,159	-	-	322,159
Total capital assets being depreciated	29,387,582	68,259	-	29,455,841
Accumulated depreciation:				
Water and sewer system	9,173,130	729,821	-	9,902,951
Buildings and improvements	1,099	107	-	1,206
Motor vehicles	42,393	-	-	42,393
Machinery and equipment	295,835	16,306	-	312,141
Total accumulated depreciation	9,512,457	746,234	-	10,258,691
Total capital assets being depreciated, net	19,875,125	(677,975)	-	19,197,150
Business-type activities capital assets, net	$ 21,666,433	$ (474,358)	$ (61,260)	$ 21,130,815

Depreciation was charged to departments of the government as follows:

Governmental Activities:	
Administration	$ 24,817
Public Works	6,100
City Streets	663,696
Parks and Recreation	94,372
Community Center	-
Total depreciation expense - governmental activities	$ 788,985
Business-type Activities:	
Water	$ 343,720
Sewer	402,514
Total depreciation expense - business-type activities	$ 746,234

V. Long-term Debt

At September 30, 2022, the City's bonds payable consisted of the following:

	Business-Type	Governmental
2012 Revenue Certificates of Obligation due in annual installments through 2042, bearing interest at a rate ranging between 0.3 - 4.45%	$ 1,445,000	$ -
2017 General Obligation Refunding Bonds due in annual installments through 2042, bearing interest at a rate ranging between 2 - 4%	7,340,000	-
2020 General Obligation Refunding Bonds due in annual installments through 2038, bearing interest at a rate of 3%	1,150,000	-
2020 Revenue Certificates of Obligation due in annual installments through 2051, bearing interest at a rate ranging between 0.0 - 0.34%	4,090,000	-
2022 Revenue Certificates of Obligation due in annual installments through 2057, bearing interest at a rate ranging between 4.0 - 5.0%	-	18,515,000
	$ 14,025,000	$ 18,515,000

The following is a summary of all long-term debt transactions of the City for the year ended September 30, 3022:

Description	Beginning Balance 10/1/2021	Increases	Decreases	Ending Balance 9/30/2022	Due within one year
Business-type activities					
Bonds payable	$14,740,000	$ -	$ 715,000	$14,025,000	$ 730,000
Premium on bonds payable	723,885	-	44,370	679,515	44,370
Business-type activities long-term liabilities	$15,463,885	$ -	$ 759,370	$14,704,515	$ 774,370
Governmental-type activities					
Bonds payable	$ -	$18,515,000	$ -	$18,515,000	$ -
Premium on bonds payable	-	47,727	-	47,727	-
Governmental-tpe activites long-term liabilities	$ -	$18,562,727	$ -	$18,562,727	$ -

V. Long-term Debt (continued)

The annual requirements to amortize all bonds payable outstanding as of September 30, 2022 are as follows:

Certificates of Obligation Due Fiscal Year Ending September 30	Business-Type Activities Principal	Business-Type Activities Interest	Governmental-Type Activities Principal	Governmental-Type Activities Interest
2023	$ 190,000	$ 62,271	$ -	$ 967,467
2024	190,000	60,821	-	827,288
2025	195,000	59,271	-	827,288
2026	195,000	57,483	15,000	827,288
2027	195,000	55,641	75,000	826,538
2028-2032	1,020,000	246,248	1,345,000	4,010,938
2033-2037	1,085,000	178,220	2,125,000	3,612,287
2038-2042	1,175,000	87,392	2,635,000	3,103,613
2043-2047	710,000	15,940	3,270,000	2,471,050
2048-2052	580,000	4,872	4,030,000	1,704,687
2053-2058	-	-	5,020,000	717,338
Total	$ 5,535,000	$ 828,156	$ 18,515,000	$ 19,895,779

General Obligation Refunding Bonds Due Fiscal Year Ending September 30	Business-Type Activities Principal	Business-Type Activities Interest
2023	$ 584,370	$ 308,150
2024	594,370	291,950
2025	609,370	275,450
2026	624,370	258,500
2027	644,370	241,100
2028-2032	2,031,850	927,750
2033-2037	1,996,847	616,300
2038-2042	2,083,968	246,950
Total	$ 9,169,515	$ 3,166,150

VI. Pension Plan

Plan Description

The City of Aledo participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*

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

VI. Pension Plan (continued)

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, and the city-financed monetary credits with. 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.

Plan provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Updated service credit	50% repeating
Annuity increase (to retirees)	70% of CPI, repeating
Service retirement eligibility	
(expressed as age/years of service)	60/5, 0/20

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

Inactive employees of beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	21
Active employees	15
	46

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Aledo were required to contribute 7% of the annual gross earnings during the fiscal year. The contribution rates for the City of Aledo were 13.79% and 14.16% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were $147,806, and were equal to the required contributions.

VI. Pension Plan (continued)

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.5% 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 were based on a service related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females respectively, to reflect the impairment for younger members who may become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used 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 best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

VI. Pension Plan (continued)

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 1,534,329	$ 1,249,528	$ 284,801
Changes for the year:			
Service cost	147,178	-	147,178
Interest	107,195	-	107,195
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(13,879)	-	(13,879)
Changes in assumptions	-	-	-
Contributions - employer	-	127,523	(127,523)
Contributions - employee	-	64,744	(64,744)
Net investment income	-	162,113	(162,113)
Benefit payment, including refunds of employee contributions	(39,677)	(39,677)	-
Administrative expense	-	(754)	754
Other changes	-	5	(5)
Net changes	$ 200,817	$ 313,955	$ (113,138)
Balance at 12/31/2021	**$ 1,735,146**	**$ 1,563,483**	**$ 171,663**

VI. Pension Plan (continued)

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 443,841	$ 171,663	$ (49,628)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of $72,228.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 3,522
Changes in actuarial assumptions	2,356	-
Difference between projected and actual investment earnings	-	79,912
Contributions subsequent to the measurement date	117,132	-
Total	$ 119,488	$ 83,434

$117,132 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	$ (13,008)
2023	(35,557)
2024	(17,208)
2025	(15,305)
2026	-
Thereafter	-

VII. Postemployment Benefits Other than Pensions

Plan Description

The City participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retirement employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

Benefits

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 an other postemployment benefit (OPEB) and is a fixed amount of $7,500.

Employees Covered by Benefit Terms

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

Inactive employees of beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	6
Active employees	15
	29

OPEB Liability

The City's OPEB liability of $75,555 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

VII. Postemployment Benefits Other than Pensions (continued)

Actuarial Assumptions

The OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Discount rate	1.84%

Salary increases were based on a service related table. Mortality rates for pre-retirement were 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 and based on the size of the City, rates are multiplied by an additional factor of 98%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females respectively, to reflect the impairment for younger members who may become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Discount Rate

The discount rate used to measure the OPEB liability was 1.84%. The discount rate was based on an index of tax exempt 20-year municipal bond rates rated as AA or higher as of the valuation date.

Changes in the OPEB Liability

	OPEB Liability
Balance at 12/31/2020	$ 67,376
Changes for the year:	
Service cost	5,014
Interest	1,384
Changes in current period benefits	-
Difference between expected and actual experience	595
Changes in assumptions or other inputs	2,546
Benefit payments	(1,360)
Net changes	$ 8,179
Balance at 12/31/2021	**$ 75,555**

VII. Postemployment Benefits Other than Pensions (continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
City's OPEB liability	$ 94,713	$ 75,555	$ 61,298

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

For the year ended September 30, 2022, the City recognized OPEB expense of $11,738.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 628	$ -
Changes in actuarial assumptions	9,655	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	2,325	-
Total	$ 12,608	$ -

$2,325 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability for the year ended September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2022	$ 4,839
2023	4,049
2024	1,258
2025	137
2026	-
Thereafter	-

VIII. Commitments and Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectability of any related receivable may be impaired. In the opinion of the City, there were no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statement for such contingencies.

IX. Interfund Activity

The City reported transfers during the year ended September 30, 2022 as follows:

- The Debt Service Fund to the Water and Sewer Fund totaling $330,840 for property taxes collected to service the bonds payable held in the Water and Sewer Fund.
- The General Fund to the Court Security and Court Technology Funds totaling $1,243 and $1,264, respectively, to establish special revenue funds to track these restricted revenues.
- The Grant Fund to the Water and Sewer Fund totaling $12,910 to reimburse for ARPA-related expenditures.

The Debt Service Fund owes the Water and Sewer fund $436,174 for property taxes collected to service their bonds payable. The Capital Projects Fund owes the General Fund $421,982 for reimbursement for funds spent on capital projects. These interfund balances are expected to be repaid or collected in the normal course of business, within one year of the fiscal year-end.

X. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

XI. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2022 through October 24, 2023, the date these financial statements were available to be issued. During this period, the City did not have any material recognizable subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALEDO, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUE				
Taxes:				
Property	$ 1,785,823	$ 1,785,823	$ 1,541,432	$ (244,391)
Sales	873,000	873,000	1,125,921	252,921
Franchise	282,500	282,500	354,835	72,335
Building permits	378,300	378,300	343,948	(34,352)
Court fines and fees	3,850	3,850	5,488	1,638
Construction fees	106,000	106,000	365,786	259,786
Interest income	30,000	30,000	37,870	7,870
Event revenue	5,700	5,700	16,606	10,906
Rental revenue	25,000	25,000	28,353	3,353
Other revenue	18,080	18,080	42,206	24,126
Total revenues	3,508,253	3,508,253	3,862,445	354,192
EXPENDITURES				
Current:				
Administration	1,410,346	1,410,346	1,273,834	136,512
Public works	804,015	804,015	711,823	92,192
City streets	479,639	479,639	214,768	264,871
Municipal court	10,500	10,500	7,683	2,817
Parks and recreation	266,949	266,949	258,186	8,763
Community center	29,800	29,800	41,891	(12,091)
Capital outlay	806,000	806,000	715,362	90,638
Total Expenditures	3,807,249	3,807,249	3,223,547	583,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,996)	(298,996)	638,898	937,894
Other Financing Sources (Uses):				
Transfers in	163,500	163,500	-	(163,500)
Transfers out	(329,630)	(329,630)	(2,507)	327,123
Total Other Financing Sources (Uses)	(166,130)	(166,130)	(2,507)	163,623
Net Change in Fund Balances	(465,126)	(465,126)	636,391	1,101,517
Fund Balances - Beginning	5,576,523	5,576,523	5,576,523	-
Fund Balances - Ending	$ 5,111,397	$ 5,111,397	$ 6,212,914	$ 1,101,517

CITY OF ALEDO, TEXAS

GRANT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUE				
Grant revenue	$ 1,235,213	$ 1,235,213	$ 33,117	$ (1,202,096)
Interest income	-	-	4,436	4,436
Total revenues	1,235,213	1,235,213	37,553	(1,197,660)
EXPENDITURES				
Capital outlay	1,235,213	1,235,213	18,986	1,216,227
Total Expenditures	1,235,213	1,235,213	18,986	1,216,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	18,567	18,567
Net Change in Fund Balances	-	-	5,657	5,657
Fund Balances - Beginning	39,336	39,336	39,336	-
Fund Balances - Ending	$ 39,336	$ 39,336	$ 44,993	$ 5,657

CITY OF ALEDO, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Last 10 Measurement Years (will ultimately be displayed)

Total Pension Liability	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Service Cost	$ 81,325	$ 94,624	$ 80,357	$ 79,713	$ 85,182	$ 115,975	$ 127,981	$ 147,178
Interest (on the Total Pension Liability)	41,475	48,603	53,899	58,139	57,391	80,477	92,955	107,195
Changes of benefit terms	-	-	-	-	-	221,271	-	-
Difference between expected and actual experience	(2,848)	(20,254)	2,827	(73,720)	9,151	(2,798)	17,302	(13,879)
Change of assumptions	-	28,976	-	-	-	18,061	-	-
Benefit payments, including refunds of employee contributions	(21,389)	(28,157)	(53,121)	(94,781)	(61,094)	(31,670)	(34,053)	(39,677)
Net Change in Total Pension Liability	98,563	123,792	83,962	(30,649)	90,630	401,316	204,185	200,817
Total Pension Liability - Beginning	562,530	661,093	784,885	868,847	838,198	928,828	1,330,144	1,534,329
Total Pension Liability - Ending (a)	$ 661,093	$ 784,885	$ 868,847	$ 838,198	$ 928,828	$ 1,330,144	$ 1,534,329	$ 1,735,146
Plan Fiduciary Net Position								
Contributions - Employer	$ 25,860	$ 47,067	$ 40,876	$ 43,965	$ 47,317	$ 50,738	$ 97,531	$ 127,523
Contributions - Employee	45,597	49,028	40,702	40,376	42,140	47,614	52,116	64,744
Net Investment Income	30,860	915	45,883	104,418	(25,339)	131,269	79,486	162,113
Benefit payments, including refunds of employee contributions	(21,389)	(28,157)	(53,121)	(94,781)	(61,094)	(31,670)	(34,053)	(39,677)
Administrative Expense	(322)	(557)	(525)	(547)	(495)	(749)	(518)	(754)
Other	(26)	(28)	(28)	(28)	(26)	(23)	(21)	5
Net Change in Plan Fiduciary Net Position	80,580	68,268	73,787	93,403	2,503	197,179	194,541	313,955
Plan Fiduciary Net Position - Beginning	539,267	619,847	688,115	761,902	855,305	857,808	1,054,987	1,249,528
Plan Fiduciary Net Position - Ending (b)	$ 619,847	$ 688,115	$ 761,902	$ 855,305	$ 857,808	$ 1,054,987	$ 1,249,528	$ 1,563,483
Net Pension Liability - Ending (a) - (b)	$ 41,246	$ 96,770	$ 106,945	$ (17,107)	$ 71,020	$ 275,157	$ 284,801	$ 171,663
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.76%	87.67%	87.69%	102.04%	92.35%	79.31%	81.44%	90.11%
Covered Employee Payroll	$ 651,383	$ 700,400	$ 700,400	$ 576,797	$ 601,996	$ 680,207	$ 744,510	$ 849,757
Net Pension Liability as a Percentage of Covered Employee Payroll	6.33%	13.82%	15.27%	-2.97%	11.80%	40.45%	38.25%	20.20%

Note: Only eight years of data is presented in accordance with GASB 68, Paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

CITY OF ALEDO, TEXAS

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (will ultimately be displayed)

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	$ 40,776	$ 42,397	$ 43,625	$ 46,999	$ 47,317	$ 85,360	$ 116,381	$ 147,806
Contributions in relation to the actuarially determined contribution	$ 41,784	$ 40,462	$ 42,682	$ 44,152	$ 47,317	$ 85,360	$ 116,381	$ 147,806
Contribution deficiency (excess)	$ (1,008)	$ 1,935	$ 943	$ 2,847	$ -	$ -	$ -	$ -
Covered employee payroll	$ 651,383	$ 700,400	$ 700,400	$ 576,797	$ 601,996	$ 680,207	$ 854,087	$ 1,028,800
Contributions as a percentage of covered employee payroll	6.41%	5.78%	6.09%	7.65%	7.86%	12.55%	13.63%	14.37%

Note: Only eight years of data is presented in accordance with GASB 68, Paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

Valuation Date

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	18 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes	There were no benefit changes during the year.

CITY OF ALEDO, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY
AND RELATED RATIOS
Last 10 Measurement Years (will ultimately be displayed)

OPEB Liability	**2017**	**2018**	**2019**	**2020**	**2021**
Service Cost	$ 2,076	$ 2,468	$ 2,245	$ 3,648	$ 5,014
Interest (on OPEB Liability)	1,234	1,296	1,540	1,519	1,384
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	2,316	639	(799)	595
Change of assumptions	3,268	(3,307)	9,044	9,814	2,546
Benefit payments, including refunds of employee contributions	(288)	(241)	(408)	(447)	(1,360)
Net Change in OPEB Liability	6,290	2,532	13,060	13,735	8,179
Total OPEB Liability - Beginning	31,759	38,049	40,581	53,641	67,376
Total OPEB Liability - Ending (a)	$ 38,049	$ 40,581	$ 53,641	$ 67,376	$ 75,555
Covered Employee Payroll	$ 576,797	$ 601,996	$ 680,207	$ 744,510	$ 849,757
OPEB Liability as a Percentage of Covered Employee Payroll	6.60%	6.74%	7.89%	9.05%	8.89%

Notes:

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

Only five years of data is presented in accordance with GASB 75, Paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SUPPLEMENTARY INFORMATION

CITY OF ALEDO, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue Funds					Total Other
	Court Technology Fund	Court Security Fund	TIRZ Fund	EDC	Debt Service Fund	Governmental Funds
ASSETS:						
Assets:						
Cash and equivalents	$ 1,264	$ 1,243	$ 44,288	$ 1,510,200	$ -	$ 1,556,995
Receivables						
Property taxes, net of allowance of $1,323	-	-	-	-	3,507	3,507
Sales taxes	-	-	-	107,717	-	107,717
Accounts	-	-	-	-	3	3
Other current assets	-	-	-	13,913	-	13,913
Restricted cash and equivalents	-	-	-	-	773,860	773,860
Total Assets	$ 1,264	$ 1,243	$ 44,288	$ 1,631,830	$ 777,370	$ 2,455,995
LIABILITIES:						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 100	$ -	$ 100
Due to other funds	-	-	-	-	436,174	436,174
Total Liabilities	-	-	-	100	436,174	436,274
DEFERRED INFLOWS:						
Unavailable revenue - property taxes	-	-	-	-	3,507	3,507
Unearned revenue	-	-	-	500	-	500
Total Deferred Inflows	$ -	$ -	$ -	$ 500	$ 3,507	$ 4,007
FUND BALANCES:						
Restricted Fund Balances:						
Economic development	-	-	-	1,631,230	-	1,631,230
Public improvements	-	-	44,288	-	-	44,288
Court security	-	1,243	-	-	-	1,243
Court technology	1,264	-	-	-	-	1,264
Debt service	-	-	-	-	337,689	337,689
Total Fund Balances	1,264	1,243	44,288	1,631,230	337,689	2,015,714
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,264	$ 1,243	$ 44,288	$ 1,631,830	$ 777,370	$ 2,455,995

CITY OF ALEDO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds					Total Other
	Court Technology Fund	Court Security Fund	TIRZ Fund	EDC	Debt Service Fund	Governmental Funds
REVENUE						
Taxes:						
Property	$ -	$ -	$ 44,104	$ -	$ 340,705	$ 384,809
Sales	-	-	-	561,980	-	561,980
Interest income	-	-	184	2,310	8,338	10,832
Other revenue	-	-	-	1,350	-	1,350
Total revenues	-	-	44,288	565,640	349,043	958,971
EXPENDITURES						
Current:						
Administration	-	-	-	88,952	-	88,952
Parks and recreation	-	-	-	28,815	-	28,815
Total Expenditures	-	-	-	117,767	-	117,767
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	44,288	447,873	349,043	841,204
Other Financing Sources (Uses):						
Issuance of bonds payable	-	-	-	-	319,486	319,486
Transfers in	1,264	1,243	-	-	-	2,507
Transfers out	-	-	-	-	(330,840)	(330,840)
Total Other Financing Sources (Uses)	1,264	1,243	-	-	(11,354)	(8,847)
Net Change in Fund Balances	1,264	1,243	44,288	447,873	337,689	832,357
Fund Balances - Beginning	-	-	-	1,183,357	-	1,183,357
Fund Balances - Ending	$ 1,264	$ 1,243	$ 44,288	$ 1,631,230	$ 337,689	$ 2,015,714