

CITY OF ALEDO, TEXAS

Annual Financial Report

Fiscal Year Ended

September 30, 2023

CITY OF ALEDO, TEXAS

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

A handwritten signature in cursive script that reads "Boucher, Morgan & Young".

Granbury, Texas
April 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ALEDO, TEXAS
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, 2023. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the 2023 fiscal year by \$38,067,355. Of this amount, \$5,116,318 is restricted for specific purposes and \$9,718,783 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 \$23,232,254 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 \$25,055,261, of which \$19,452,156 represents restricted fund balance for Economic Development, capital/public improvements, debt service, and other legislative purposes. The General Fund unassigned fund balance is \$5,603,105.

The City's debt in the business-type activities decreased by \$774,370. The decrease is due to paying the principal portion of scheduled annual debt service payments due in fiscal year 2023 and amortization of the related bond premium. The City's debt in the governmental activities decreased \$1,364 as a result of amortization of the premium. No principal payments were required in fiscal year 2023.

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).

CITY OF ALEDO, TEXAS
Management's Discussion and Analysis

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 12-14 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 debt service 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 15-18 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.

CITY OF ALEDO, TEXAS
Management's Discussion and Analysis

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 19-23 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 25-44 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 46 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 \$38,067,355 as of September 30, 2023.

Net Position
September 30, 2023

	Governmental Activities		Business-type Activities		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Current and Other Assets	\$ 26,569,995	\$ 27,649,146	\$ 10,637,144	\$ 11,814,032	\$ 37,207,139	\$ 39,463,178
Capital Assets	<u>11,884,822</u>	<u>9,292,700</u>	<u>25,878,603</u>	<u>21,130,815</u>	<u>37,763,425</u>	<u>30,423,515</u>
Total Assets	<u>38,454,817</u>	<u>36,941,846</u>	<u>36,515,747</u>	<u>32,944,847</u>	<u>74,970,564</u>	<u>69,886,693</u>
Deferred Outflows of Resources	144,196	64,119	627,866	575,746	772,062	639,865
Long-term Liabilities	18,661,638	18,682,292	14,037,204	14,832,168	32,698,842	33,514,460
Other Liabilities	<u>1,760,250</u>	<u>804,551</u>	<u>2,533,440</u>	<u>1,054,312</u>	<u>4,293,690</u>	<u>1,858,863</u>
Total Liabilities	<u>20,421,888</u>	<u>19,486,843</u>	<u>16,570,644</u>	<u>15,886,480</u>	<u>36,992,532</u>	<u>35,373,323</u>
Deferred Inflows of Resources	117,054	1,256,244	565,685	42,962	682,739	1,299,206
Net Position:						
Net Investment in Capital Assets	11,283,796	8,824,548	11,948,458	6,426,300	23,232,254	15,250,848
Restricted for:						
Economic Development	2,059,326	1,631,230	-	-	2,059,326	1,631,230
Capital Improvements	121,818	89,281	2,842,766	3,254,734	2,964,584	3,344,015
Public Safety	4,313	3,796	-	-	4,313	3,796
Debt Service	88,095	337,689	-	-	88,095	337,689
Unrestricted	<u>4,502,723</u>	<u>5,376,334</u>	<u>5,216,060</u>	<u>7,910,117</u>	<u>9,718,783</u>	<u>13,286,451</u>
Total Net Position	<u>\$ 18,060,071</u>	<u>\$ 16,262,878</u>	<u>\$ 20,007,284</u>	<u>\$ 17,591,151</u>	<u>\$ 38,067,355</u>	<u>\$ 33,854,029</u>

A large portion of the City's net position (61.03%) reflects its investment in capital assets (land, building, infrastructure, machinery, and equipment, etc.) 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 \$5,116,318 or 13.44% 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 (\$9,718,783, or 25.53%) may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF ALEDO, TEXAS

Management's Discussion and Analysis

Changes in Net Position September 30, 2023

	Governmental Activities		Business-type Activities		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue						
Program Revenue						
Fines, Fees, and Charges for Services	\$ 466,078	\$ 760,181	\$ 4,549,725	\$ 3,873,869	\$ 5,015,803	\$ 4,634,050
Operating Grants and Contributions	-	33,117	-	-	-	33,117
Capital grants and Contributions	-	812,372	1,158,049	320,443	1,158,049	1,132,815
General Revenue						
Property Taxes	2,451,603	1,925,097	-	-	2,451,603	1,925,097
Sales Taxes	1,968,303	1,687,901	-	-	1,968,303	1,687,901
Franchise Taxes	365,762	354,835	-	-	365,762	354,835
Investment Earnings	1,068,565	147,714	368,666	53,912	1,437,231	201,626
Disposal of Capital Assets	-	-	-	-	-	-
Miscellaneous	47,692	43,456	-	-	47,692	43,456
Total Revenues	6,368,003	5,764,673	6,076,440	4,248,224	12,444,443	10,012,897
Expense						
Administration	1,462,168	1,382,248	-	-	1,462,168	1,382,248
Public Works and City Streets	1,913,260	2,201,416	-	-	1,913,260	2,201,416
Municipal Court	14,504	7,683	-	-	14,504	7,683
Parks and Recreation	216,833	380,131	-	-	216,833	380,131
Community Center	29,079	41,891	-	-	29,079	41,891
Interest and Debt Issue Costs	934,966	488,108	-	-	934,966	488,108
Water and Sewer	-	-	3,660,307	3,282,894	3,660,307	3,282,894
Total Expenses	4,570,810	4,501,477	3,660,307	3,282,894	8,231,117	7,784,371
Change in Net Position Before Transfers	1,797,193	1,263,196	2,416,133	965,330	4,213,326	2,228,526
Transfers	-	(343,750)	-	343,750	-	-
Change in Net Position	1,797,193	919,446	2,416,133	1,309,080	4,213,326	2,228,526
Net Position, Beginning of Year	16,262,878	15,343,432	17,591,151	16,282,071	33,854,029	31,625,503
Net Position, End of Year	<u>\$ 18,060,071</u>	<u>\$ 16,262,878</u>	<u>\$ 20,007,284</u>	<u>\$ 17,591,151</u>	<u>\$ 38,067,355</u>	<u>\$ 33,854,029</u>

In total, the City's total net position increased by \$4,213,326 during the current fiscal year. The City's governmental activities including transfers increased net position by \$1,797,193. The total cost of all governmental activities this year was \$4,570,810. The amount that taxpayers paid for these activities through property taxes was \$2,451,603 or 38.5% of total revenue. The City's business-type activities increased net position by \$2,416,133. The total cost of all business-type activities for fiscal year 2023 was \$3,660,307.

Governmental activities – Governmental activities increased the City's net position by \$1,797,193. The key elements of this increase are as follows:

- Increase of property taxes of approximately \$526,506.
- Increase in investment earnings of approximately \$920,851.

Business-type activities – Business-type activities increased the City's net position by \$2,416,133. The key element of this increase was increases in charges for services, capital grants and contributions, and investments earnings totaling \$675,856, \$837,606, and \$314,754, respectively.

CITY OF ALEDO, TEXAS
Management's Discussion and Analysis

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 \$25,055,261, a decrease of \$890,953 from the prior year. Unassigned fund balance reported in the general fund of \$5,603,105, a decrease of \$608,520 over the prior year, represents amounts available for spending at the City's discretion. The key factor in this decrease was investing funds in capital projects and improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Adjustments made to the 2022 – 2023 General Fund annual budget during the year are highlighted on page 46.

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, 2023, amount to \$37,763,425 (net of accumulated depreciation). Investments in capital assets related to governmental activities of \$11,884,822, includes land, construction in progress, buildings and improvements, motor vehicles, machinery and equipment, City streets, and other improvements. The City's investments in capital assets related to business-type activities of \$25,878,603, includes land, construction in progress, buildings and improvements, motor vehicles, machinery and equipment, and the water and sewer systems.

City of Aledo, Texas
Capital Assets
September 30, 2023

	Governmental Activities		Business-type Activities		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Land	\$ 569,625	\$ 569,625	\$ 419,604	\$ 419,604	\$ 989,229	\$ 989,229
Construction in progress	3,908,409	576,573	6,911,617	1,514,061	10,820,026	2,090,634
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	10,676,421	-	-	10,676,421	10,676,421
Motor vehicles	279,967	279,967	222,123	110,652	1,827,018	1,715,547
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	943,958	893,287	-	-	943,958	893,287
Accumulated depreciation	(6,802,670)	(6,012,285)	(11,019,930)	(10,258,691)	(17,822,600)	(16,270,976)
Total	<u>\$ 11,884,822</u>	<u>\$ 9,292,700</u>	<u>\$ 25,878,603</u>	<u>\$ 21,130,815</u>	<u>\$ 37,763,425</u>	<u>\$ 30,423,515</u>

Additional information on the City's capital assets can be found in Note 4 of this report.

CITY OF ALEDO, TEXAS
Management's Discussion and Analysis

Long-term debt - At the end of the current fiscal year, the City had total debt outstanding of \$32,491,508. In total, the City's long-term debt decreased by \$775,734 during the current fiscal year.

City of Aledo, Texas
Long Term Debt
September 30, 2023

	Governmental Activities		Business-type Activities		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Certificates of Obligation	\$ 18,561,363	\$ 18,562,727	\$ 5,345,000	\$ 5,535,000	\$ 23,906,363	\$ 24,097,727
General Obligation Refunding	-	-	8,585,145	9,169,515	8,585,145	9,169,515
Total	<u>\$ 18,561,363</u>	<u>\$ 18,562,727</u>	<u>\$ 13,930,145</u>	<u>\$ 14,704,515</u>	<u>\$ 32,491,508</u>	<u>\$ 33,267,242</u>

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2022-23 was \$0.383113 per \$100 assessed valuation, of which \$0.10602 was for annual debt service. Additional information on the City's long-term debt can be found in Note 5 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, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS:			
Cash and equivalents	\$ 26,067,722	\$ 9,038,647	\$ 35,106,369
Receivables:			
Property taxes, net of allowance	17,016	-	17,016
Sales taxes	341,568	-	341,568
Accounts, net of allowance	89,828	853,807	943,635
Other current assets	16,343	-	16,343
Internal balances	(273,299)	273,299	-
Restricted cash and equivalents	310,817	471,391	782,208
Capital assets:			
Land	569,625	419,604	989,229
Construction in progress	3,908,409	6,911,617	10,820,026
Buildings and improvements, net	201,976	1,897	203,873
Motor vehicles, net	26,565	151,912	178,477
Machinery and equipment, net	44,004	10,018	54,022
Water and sewer system, net	-	18,383,555	18,383,555
City streets, net	5,313,220	-	5,313,220
Storm water drainage, net	1,280,033	-	1,280,033
Other improvements, net	540,990	-	540,990
Total Assets	<u>38,454,817</u>	<u>36,515,747</u>	<u>74,970,564</u>
DEFERRED OUTFLOWS:			
Deferred loss on refunding	-	473,917	473,917
Related to TMRS pension	139,804	149,261	289,065
Related to TMRS OPEB	4,392	4,688	9,080
Total Deferred Outflows	<u>144,196</u>	<u>627,866</u>	<u>772,062</u>
Total Assets and Deferred Outflows	<u>38,599,013</u>	<u>37,143,613</u>	<u>75,742,626</u>
LIABILITIES:			
Accounts payable	1,426,946	2,162,935	3,589,881
Accrued liabilities	126,482	34,610	161,092
Accrued interest	206,822	44,096	250,918
Customer deposits	-	291,799	291,799
Noncurrent liabilities-			
Bonds payable - due within one year	-	784,370	784,370
Bonds payable - due in more than one year	18,561,363	13,145,775	31,707,138
Net pension liability	75,793	80,921	156,714
OPEB liability	24,482	26,138	50,620
Total Liabilities	<u>20,421,888</u>	<u>16,570,644</u>	<u>36,992,532</u>
DEFERRED INFLOWS:			
Unearned revenues	8,480	449,767	458,247
Related to TMRS pension	96,959	103,518	200,477
Related to TMRS OPEB	11,615	12,400	24,015
Total Deferred Inflows	<u>117,054</u>	<u>565,685</u>	<u>682,739</u>
NET POSITION:			
Net investment in capital assets	11,283,796	11,948,458	23,232,254
Restricted For:			
Economic development	2,059,326	-	2,059,326
Child safety	1,289	-	1,289
Court security	1,509	-	1,509
Court technology	1,515	-	1,515
Infrastructure/public improvements	121,818	-	121,818
System upgrade/expansion	-	2,842,766	2,842,766
Debt service	88,095	-	88,095
Unrestricted	4,502,723	5,216,060	9,718,783
Total Net Position	<u>\$ 18,060,071</u>	<u>\$ 20,007,284</u>	<u>\$ 38,067,355</u>

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Fines, Fees, and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Administration	\$ 1,462,168	\$ 304,099	\$ -	\$ -
Public works	732,745	114,399	-	-
City streets	1,180,515	-	-	-
Municipal court	14,504	8,195	-	-
Parks and recreation	216,833	4,360	-	-
Community center	29,079	35,025	-	-
Interest and debt issue costs	934,966	-	-	-
Total Governmental Activities	<u>4,570,810</u>	<u>466,078</u>	<u>-</u>	<u>-</u>
Business-type Activities:				
Water and Sewer	<u>3,660,307</u>	<u>4,549,725</u>	<u>1,158,049</u>	<u>-</u>
Total Business-type Activities	<u>3,660,307</u>	<u>4,549,725</u>	<u>1,158,049</u>	<u>-</u>
Total Primary Government	<u>\$ 8,231,117</u>	<u>\$ 5,015,803</u>	<u>\$ 1,158,049</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Miscellaneous revenues				
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
\$ (1,158,069)	\$ -	\$ (1,158,069)
(618,346)	-	(618,346)
(1,180,515)	-	(1,180,515)
(6,309)	-	(6,309)
(212,473)	-	(212,473)
5,946	-	5,946
(934,966)	-	(934,966)
<u>(4,104,732)</u>	<u>-</u>	<u>(4,104,732)</u>
 -	 2,047,467	 2,047,467
<u>-</u>	<u>2,047,467</u>	<u>2,047,467</u>
<u>(4,104,732)</u>	<u>2,047,467</u>	<u>(2,057,265)</u>
 2,451,603	 -	 2,451,603
1,968,303	-	1,968,303
365,762	-	365,762
1,068,565	368,666	1,437,231
47,692	-	47,692
<u>5,901,925</u>	<u>368,666</u>	<u>6,270,591</u>
<u>1,797,193</u>	<u>2,416,133</u>	<u>4,213,326</u>
16,262,878	17,591,151	33,854,029
<u>\$ 18,060,071</u>	<u>\$ 20,007,284</u>	<u>\$ 38,067,355</u>

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Assets:					
Cash and equivalents	\$ 5,984,267	\$ 50,581	\$ 17,960,337	\$ 2,072,537	\$ 26,067,722
Receivables					
Property taxes, net of allowance of \$5,638	12,004	5,012	-	-	17,016
Sales taxes	227,712	-	-	113,856	341,568
Accounts	89,828	-	-	-	89,828
Due from other funds	390,496	-	-	-	390,496
Other current assets	-	-	-	16,343	16,343
Restricted cash and equivalents	4	310,813	-	-	310,817
Total Assets	<u>\$ 6,704,311</u>	<u>\$ 366,406</u>	<u>\$ 17,960,337</u>	<u>\$ 2,202,736</u>	<u>\$ 27,233,790</u>
LIABILITIES:					
Liabilities:					
Accounts payable	\$ 1,032,307	\$ -	\$ 391,237	\$ 3,402	\$ 1,426,946
Accrued liabilities	51,726	-	-	10,566	62,292
Due to other funds	-	273,299	390,496	-	663,795
Total Liabilities	<u>1,084,033</u>	<u>273,299</u>	<u>781,733</u>	<u>13,968</u>	<u>2,153,033</u>
DEFERRED INFLOWS:					
Unavailable revenue - property taxes	12,004	5,012	-	-	17,016
Unearned revenue	3,880	-	-	4,600	8,480
Total Deferred Inflows	<u>\$ 15,884</u>	<u>\$ 5,012</u>	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 25,496</u>
FUND BALANCES:					
Restricted Fund Balances:					
Economic development	-	-	-	2,059,326	2,059,326
Child safety	1,289	-	-	-	1,289
Court security	-	-	-	1,509	1,509
Court technology	-	-	-	1,515	1,515
Infrastructure/capital/public improvements	-	-	17,178,604	121,818	17,300,422
Debt service	-	88,095	-	-	88,095
Unassigned	5,603,105	-	-	-	5,603,105
Total Fund Balances	<u>5,604,394</u>	<u>88,095</u>	<u>17,178,604</u>	<u>2,184,168</u>	<u>25,055,261</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,704,311</u>	<u>\$ 366,406</u>	<u>\$ 17,960,337</u>	<u>\$ 2,202,736</u>	<u>\$ 27,233,790</u>

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, 2023

Total fund balances - governmental funds balance sheet		\$ 25,055,261
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.		11,884,822
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		17,016
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	(75,793)	
Deferred outflows related to pension	139,804	
Deferred inflows related to pension	(96,959)	(32,948)
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	(24,482)	
Deferred outflows related to OPEB	4,392	
Deferred inflows related to OPEB	(11,615)	(31,705)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.		(64,190)
Interest payable on noncurrent liabilities does not require current financial resources, therefore accrued interest is not reported as a liability in the governmental funds		(206,822)
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	(46,363)	(18,561,363)
Net position of governmental activities		<u>\$ 18,060,071</u>

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, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUE					
Taxes:					
Property	\$ 1,759,375	\$ 677,100	\$ -	\$ 10,418	\$ 2,446,893
Sales	1,312,441	-	-	655,862	1,968,303
Franchise	365,762	-	-	-	365,762
Building permits	304,099	-	-	-	304,099
Court fines and fees	7,678	-	-	517	8,195
Construction fees	114,399	-	-	-	114,399
Interest income	168,166	32,843	831,390	36,166	1,068,565
Event revenue	4,360	-	-	-	4,360
Rental revenue	35,025	-	-	-	35,025
Other revenue	31,294	14,838	-	1,560	47,692
Total revenues	<u>4,102,599</u>	<u>724,781</u>	<u>831,390</u>	<u>704,523</u>	<u>6,363,293</u>
EXPENDITURES					
Current:					
Administration	1,464,759	-	-	23,398	1,488,157
Public works	739,388	-	-	-	739,388
City streets	526,522	-	-	-	526,522
Municipal court	14,504	-	-	-	14,504
Parks and recreation	114,369	-	-	22,058	136,427
Community center	29,079	-	-	-	29,079
Capital outlay	81,608	-	3,264,186	-	3,345,794
Debt service					
Interest	-	972,125	-	-	972,125
Bond issuance costs and fees	-	2,250	-	-	2,250
Total Expenditures	<u>2,970,229</u>	<u>974,375</u>	<u>3,264,186</u>	<u>45,456</u>	<u>7,254,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,132,370</u>	<u>(249,594)</u>	<u>(2,432,796)</u>	<u>659,067</u>	<u>(890,953)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	197,917	-	1,938,807	-	2,136,724
Transfers out	(1,938,807)	-	-	(197,917)	(2,136,724)
Total Other Financing Sources (Uses)	<u>(1,740,890)</u>	<u>-</u>	<u>1,938,807</u>	<u>(197,917)</u>	<u>-</u>
Net Change in Fund Balances	<u>(608,520)</u>	<u>(249,594)</u>	<u>(493,989)</u>	<u>461,150</u>	<u>(890,953)</u>
Fund Balances - Beginning	<u>6,212,914</u>	<u>337,689</u>	<u>17,672,593</u>	<u>1,723,018</u>	<u>25,946,214</u>
Fund Balances - Ending	<u>\$ 5,604,394</u>	<u>\$ 88,095</u>	<u>\$ 17,178,604</u>	<u>\$ 2,184,168</u>	<u>\$ 25,055,261</u>

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, 2023

Net change in fund balances - total governmental funds \$ (890,953)

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. (790,385)

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. 3,382,507

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. 4,710

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. 32,527

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. (1,262)

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. 20,640

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. 38,045

Amortization of premium on bonds payable is reported in the statement of activities and does not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure in the governmental funds. 1,364

Change in net position of governmental activities \$ 1,797,193

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS

Statement of Net Position Proprietary Fund September 30, 2023

	Enterprise Fund Water and Sewer Fund
ASSETS:	
Current Assets:	
Cash and equivalents	\$ 9,038,647
Receivables, net of allowance of \$41,043	853,807
Due from other funds	273,299
Total Current Assets	<u>10,165,753</u>
Noncurrent Assets:	
Capital Assets:	
Land	419,604
Construction in progress	6,911,617
Buildings and improvements	3,210
Motor vehicles	222,123
Machinery and equipment	322,159
Water and sewer system	29,019,820
Less accumulated depreciation	(11,019,930)
Restricted cash and equivalents	471,391
Total Noncurrent Assets	<u>26,349,994</u>
Total Assets	<u>36,515,747</u>
DEFERRED OUTFLOWS:	
Deferred loss on refunding	473,917
Related to TMRS pension	149,261
Related to TMRS OPEB	4,688
Total Deferred Outflows	<u>627,866</u>
Total Assets and Deferred Outflows	<u>37,143,613</u>

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS
Statement of Net Position (continued)
Proprietary Fund
September 30, 2023

	Enterprise Fund
	<u>Water and Sewer Fund</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	2,162,935
Accrued liabilities	34,610
Accrued interest	44,096
Customer deposits	291,799
Current portion of bonds payable	784,370
Total Current Liabilities	<u>3,317,810</u>
Noncurrent Liabilities:	
Net pension liability	80,921
OPEB liability	26,138
Bonds payable	13,145,775
Total Noncurrent Liabilities	<u>13,252,834</u>
Total Liabilities	<u>16,570,644</u>
DEFERRED INFLOWS:	
Related to TMRS pension	103,518
Related to TMRS OPEB	12,400
Unearned revenues	449,767
Total Deferred Inflows	<u>565,685</u>
NET POSITION:	
Net investment in capital assets	11,948,458
Restricted - system upgrade/expansion	2,842,766
Unrestricted	5,216,060
Total net position	<u><u>\$ 20,007,284</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Fund
For the Year Ended September 30, 2023

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Water and sewer service	\$ 4,512,900
Credit card fees	5,593
Meter box fee	28,375
Other revenues	2,857
Total Operating Revenues	<u>4,549,725</u>
OPERATING EXPENSES	
Administrative costs	846,610
Supplies and maintenance	1,256,675
Utilities	81,336
Professional and contract services	173,627
Credit card expense	66,344
Other operating expenses	115,779
Depreciation	761,239
Total Operating Expenses	<u>3,301,610</u>
Operating Income	<u>1,248,115</u>
NON-OPERATING REVENUES (EXPENSES)	
Grant revenues	754,770
Impact fees	403,279
Interest income	368,666
Interest, amortization and fees paid on debt issuance	(358,697)
Total Non-operating Revenues (Expenses)	<u>1,168,018</u>
Change in Net Position	<u>2,416,133</u>
Net position - Beginning	17,591,151
Net Position - Ending	<u><u>\$ 20,007,284</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ALEDO, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2023

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 4,295,394
Cash paid to employees	(392,160)
Cash paid to suppliers	(292,460)
Cash received from other funds	162,875
Net Cash Provided By Operating Activities	<u>3,773,649</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds received for capital improvement	754,770
Principal repayment on debt	(730,000)
Interest, amortization and fees paid on debt issuance	(371,421)
Purchase of capital assets	(5,509,027)
Impact fees	403,279
Net Cash Used in Capital & Related Financing Activities	<u>(5,452,399)</u>
Cash Flows from Investing Activities:	
Interest on investments	368,666
Net Cash Provided By Investing Activities	<u>368,666</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,310,084)
Cash and Cash Equivalents at Beginning of Year	<u>10,820,122</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 9,510,038</u></u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position	

	<u>Current</u> <u>Assets</u>	<u>Restricted</u> <u>Assets</u>	<u>Statement of</u> <u>Cash Flows</u> <u>Totals</u>
Cash and Cash Equivalents - Beginning	\$ 7,333,209	\$ 3,486,913	\$ 10,820,122
Net increase (decrease)	1,705,438	(3,015,522)	(1,310,084)
Cash and Cash Equivalents - Ending	<u><u>\$ 9,038,647</u></u>	<u><u>\$ 471,391</u></u>	<u><u>\$ 9,510,038</u></u>

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, 2023

Reconciliation of Operating Income to Net Cash

Provided By Operating Activities:	
Operating Income	<u>\$ 1,248,115</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation and amortization	761,239
Change in Assets and Liabilities:	
(Increase) Decrease in:	
Receivables	(302,210)
Other current assets	6,139
Deferred outflows	363,795
Due from other funds	162,875
Increase (Decrease) in:	
Accounts payable	1,416,541
Accrued expenses	16,914
Customer deposits	47,879
Net pension liability	(7,719)
OPEB liability	(12,875)
Deferred inflows	<u>72,956</u>
Total Adjustments	<u>2,525,534</u>
Net Cash Provided By Operating Activities	<u><u>\$ 3,773,649</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. 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:

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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (continued)

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.

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 **Debt Service Fund** is used to account for and report financial resources restricted, committed, or assigned to expenditure for principal and interest on the City's debt.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

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.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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.

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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. 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 statements of financial position (the government-wide Statement of Net Position and governmental funds Balance Sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. 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.

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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance and Net Position (continued)

- 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.

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 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets – an intangible asset – and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The City did not have SBITAs that met the criteria of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for fiscal year 2023.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 2. CASH AND EQUIVALENTS

Cash and equivalents as of September 30, 2023 consist of the following:

	<u>Cash Deposits</u>	<u>TexStar</u>
Governmental activities:		
General fund	\$ 3,941,188	\$ 2,043,083
Capital projects fund	-	17,960,337
Debt service fund	361,394	-
Non-Major Funds	1,805,625	266,912
Business-type activity:		
Water and sewer fund	<u>1,089,098</u>	<u>8,420,940</u>
Total	<u><u>\$ 7,197,305</u></u>	<u><u>\$ 28,691,272</u></u>

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, 2023, the City had investments in TexStar totaling \$28,691,272 which had a weighted average maturity of 29 days.

As of September 30, 2023, 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, 2023 for TexStar was AAAM.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 2. CASH AND EQUIVALENTS (CONTINUED)

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:

	<u>Maximum Percentage of Portfolio</u>
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%

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, 2023, the carrying amount of the City's cash on hand and deposits were \$7,197,305 and the bank balance was \$7,203,405. \$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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 3. 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.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, 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	576,573	3,331,836	-	3,908,409
Total assets not being depreciated	<u>1,146,198</u>	<u>3,331,836</u>	<u>-</u>	<u>4,478,034</u>
Capital assets, being depreciated:				
Buildings and improvements	498,351	-	-	498,351
City streets	10,676,421	-	-	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	893,287	50,671	-	943,958
Total capital assets being depreciated	<u>14,158,787</u>	<u>50,671</u>	<u>-</u>	<u>14,209,458</u>
Accumulated depreciation:				
Buildings and improvements	259,984	36,391	-	296,375
City streets	4,722,890	640,311	-	5,363,201
Storm water drainage	284,789	40,073	-	324,862
Motor vehicles	241,262	12,140	-	253,402
Machinery and equipment	154,528	7,334	-	161,862
Other improvements	348,832	54,136	-	402,968
Total accumulated depreciation	<u>6,012,285</u>	<u>790,385</u>	<u>-</u>	<u>6,802,670</u>
Total capital assets being depreciated, net	<u>8,146,502</u>	<u>(739,714)</u>	<u>-</u>	<u>7,406,788</u>
Governmental activities capital assets, net	<u>\$ 9,292,700</u>	<u>\$ 2,592,122</u>	<u>\$ -</u>	<u>\$ 11,884,822</u>

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 4. 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	1,514,061	5,397,556	-	6,911,617
Total assets not being depreciated	<u>1,933,665</u>	<u>5,397,556</u>	<u>-</u>	<u>7,331,221</u>
Capital assets, being depreciated:				
Water and sewer system	29,019,820	-	-	29,019,820
Buildings and improvements	3,210	-	-	3,210
Motor vehicles	110,652	111,471	-	222,123
Machinery and equipment	322,159	-	-	322,159
Total capital assets being depreciated	<u>29,455,841</u>	<u>111,471</u>	<u>-</u>	<u>29,567,312</u>
Accumulated depreciation:				
Water and sewer system	9,902,951	733,314	-	10,636,265
Buildings and improvements	1,206	107	-	1,313
Motor vehicles	42,393	27,818	-	70,211
Machinery and equipment	312,141	-	-	312,141
Total accumulated depreciation	<u>10,258,691</u>	<u>761,239</u>	<u>-</u>	<u>11,019,930</u>
Total capital assets being depreciated, net	<u>19,197,150</u>	<u>(649,768)</u>	<u>-</u>	<u>18,547,382</u>
Business-type activities capital assets, net	<u>\$ 21,130,815</u>	<u>\$ 4,747,788</u>	<u>\$ -</u>	<u>\$ 25,878,603</u>

Depreciation was charged to departments of the government as follows:

Governmental Activities:

Administration	\$ 9,575
Public Works	6,100
City Streets	655,408
Parks and Recreation	119,302
Total depreciation expense - governmental activities	<u>\$ 790,385</u>

Business-type Activities:

Water	\$ 355,024
Sewer	406,215
Total depreciation expense - business-type activities	<u>\$ 761,239</u>

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 5. LONG-TERM DEBT

At September 30, 2023, the City's bonds payable consisted of the following:

	<u>Business-Type</u>	<u>Governmental</u>
2012 Revenue Certificates of Obligation due in annual installments through 2042, bearing interest at a rate ranging between 0.3 - 4.45%	\$ 1,395,000	\$ -
2017 General Obligation Refunding Bonds due in annual installments through 2042, bearing interest at a rate ranging between 2 - 4%	6,860,000	-
2020 General Obligation Refunding Bonds due in annual installments through 2038, bearing interest at a rate of 3%	1,090,000	-
2020 Revenue Certificates of Obligation due in annual installments through 2051, bearing interest at a rate ranging between 0.0 - 0.34%	3,950,000	-
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
	<u><u>\$ 13,295,000</u></u>	<u><u>\$ 18,515,000</u></u>

The following is a summary of all long-term debt transactions of the City for the year ended September 30, 2023:

<u>Description</u>	Beginning Balance 10/1/2022	Increases	Decreases	Ending Balance 9/30/2023	Due within one year
Business-type activities					
Bonds payable	\$ 14,025,000	\$ -	\$ 730,000	\$ 13,295,000	\$ 740,000
Premium on bonds payable	679,515	-	44,370	635,145	44,370
Business-type activities long-term liabilities	<u>\$ 14,704,515</u>	<u>\$ -</u>	<u>\$ 774,370</u>	<u>\$ 13,930,145</u>	<u>\$ 784,370</u>
Governmental-type activities					
Bonds payable	\$ 18,515,000	\$ -	\$ -	\$ 18,515,000	\$ -
Premium on bonds payable	47,727	-	1,364	46,363	-
Governmental-type activities long-term liabilities	<u>\$ 18,562,727</u>	<u>\$ -</u>	<u>\$ 1,364</u>	<u>\$ 18,561,363</u>	<u>\$ -</u>

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 5. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all bonds payable outstanding as of September 30, 2023 are as follows:

Certificates of Obligation Due Fiscal Year Ending September 30	Business-Type Activities		Governmental-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 190,000	\$ 60,821	\$ -	\$ 827,288
2025	195,000	59,271	1,364	827,288
2026	195,000	57,483	16,364	827,288
2027	195,000	55,641	76,364	826,538
2028	200,000	53,743	136,364	822,788
2029-2033	1,030,000	234,223	1,606,820	3,943,688
2034-2038	1,100,000	162,026	2,221,820	3,522,787
2039-2043	1,090,000	65,801	2,761,820	2,985,038
2044-2048	715,000	13,936	3,416,820	2,332,075
2049-2053	435,000	2,943	4,211,820	1,528,375
2054-2059	-	-	4,111,807	485,163
Total	<u>\$ 5,345,000</u>	<u>\$ 765,888</u>	<u>\$ 18,561,363</u>	<u>\$ 18,928,315</u>

General Obligation Refunding Bonds Due Fiscal Year Ending September 30	Business-Type Activities	
	Principal	Interest
2024	\$ 594,370	\$ 291,950
2025	609,370	275,450
2026	624,370	258,500
2027	644,370	241,100
2028	659,370	217,750
2029-2033	1,741,850	858,850
2034-2038	2,024,465	549,400
2039-2043	1,686,980	165,000
Total	<u>\$ 8,585,145</u>	<u>\$ 2,858,000</u>

NOTE 6. PENSION PLAN

Plan Description

The City of Aledo participates as one of 919 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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 6. 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	22
Active employees	18
	<u>51</u>

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 their annual compensation during the fiscal year. The contribution rates for the City of Aledo were 14.16% and 14.10% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$160,394, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability (continued)

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	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 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. The assumptions 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability (continued)

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 12/31/2021	\$ 1,735,146	\$ 1,563,483	\$ 171,663
Changes for the year:			
Service cost	197,400	-	197,400
Interest	119,069	-	119,069
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(205,174)	-	(205,174)
Changes in assumptions	-	-	-
Contributions - employer	-	160,551	(160,551)
Contributions - employee	-	79,368	(79,368)
Net investment income	-	(113,866)	113,866
Benefit payment, including refunds of employee contributions	(139,718)	(139,718)	-
Administrative expense	-	(988)	988
Other changes	-	1,179	(1,179)
Net changes	\$ (28,423)	\$ (13,474)	\$ (14,949)
Balance at 12/31/2022	\$ 1,706,723	\$ 1,550,009	\$ 156,714

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	\$ 421,882	\$ 156,714	\$ (57,629)

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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability (continued)

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

For the year ended September 30, 2023, the City recognized pension expense of \$89,232.

At September 30, 2023, 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	\$ -	\$ 135,831
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	175,520	64,646
Contributions subsequent to the measurement date	113,545	-
Total	\$ 289,065	\$ 200,477

\$113,545 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ (64,692)
2024	(32,469)
2025	28,327
2026	43,877
2027	-
Thereafter	-

NOTE 7. 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 retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Description (continued)

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, 2022 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	18
	<u>32</u>

OPEB Liability

The City's OPEB liability of \$50,620 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The OPEB liability in the December 31, 2022 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	4.05%

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.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liability (continued)

Discount Rate

The discount rate used to measure the OPEB liability was 4.05%. 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 12/31/2021	\$ 75,555
Changes for the year:	
Service cost	6,123
Interest	1,430
Changes in current period benefits	-
Difference between expected and actual experience	(3,507)
Changes in assumptions or other inputs	(27,167)
Benefit payments	(1,814)
Net changes	\$ (24,935)
Balance at 12/31/2022	\$ 50,620

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 4.05% 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
City's OPEB liability	\$ 60,853	\$ 50,620	\$ 42,743

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$5,498.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

NOTE 7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liability (continued)

At September 30, 2023, 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	\$ 388	\$ 2,953
Changes in actuarial assumptions	5,291	21,062
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	3,401	-
Total	\$ 9,080	\$ 24,015

\$3,401 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, 2024. 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:	
2023	\$ (2,845)
2024	(5,636)
2025	(6,757)
2026	(3,098)
2027	-
Thereafter	-

NOTE 8. 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.

NOTE 9. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2023, Transfers Out exceeded appropriations in the General Fund by \$1,896,307 related to funding capital projects in the Capital Projects Fund. These overexpenditures were funded by existing fund balance.

NOTE 10. INTERFUND ACTIVITY

The City reported transfers during the year ended September 30, 2023 as follows:

- The General Fund to the Capital Projects Fund totaling \$1,938,807 to better account for payments made on specific projects.

CITY OF ALEDO, TEXAS
Notes to Financial Statements

- The EDC to the General Fund totaling \$197,917 to support ongoing community events.

NOTE 10. INTERFUND ACTIVITY (CONTINUED)

The Debt Service Fund owes the Water and Sewer fund \$273,299 for property taxes collected to service their bonds payable. The Capital Projects Fund owes the General Fund \$390,496 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.

NOTE 11. TAX ABATEMENTS

The City is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates, and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with companies and has agreed to provide grants and rebates of sales tax.

The City entered into an economic development agreement dated February 15, 2023 with a retailer to reimburse 25% of the collected sales tax up to a maximum of \$250,000 for seven years, plus a \$25,000 cash grant upon certain restrictions being met.

The City entered into an economic development agreement dated June 21, 2023 with a retailer to reimburse 75% of the collected sales tax up to a maximum of \$225,000 for seven years, plus an initial \$50,000 cash grant and an additional \$25,000 cash grant upon certain restrictions being met.

NOTE 12. 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.

NOTE 13. SUBSEQUENT EVENTS

The City has evaluated all events and transactions that occurred after September 30, 2023 through April 30, 2024, 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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
Taxes:				
Property	\$ 1,715,377	\$ 1,759,600	\$ 1,759,375	\$ (225)
Sales	1,053,000	1,286,798	1,312,441	25,643
Franchise	233,000	313,904	365,762	51,858
Building permits	344,150	241,268	304,099	62,831
Court fines and fees	3,850	6,116	7,678	1,562
Construction fees	110,500	86,226	114,399	28,173
Interest income	10,000	150,000	168,166	18,166
Event revenue	5,700	4,360	4,360	-
Rental revenue	25,000	23,500	35,025	11,525
Other revenue	18,080	48,101	31,294	(16,807)
Total revenues	<u>3,518,657</u>	<u>3,919,873</u>	<u>4,102,599</u>	<u>182,726</u>
EXPENDITURES				
Current:				
Administration	1,358,578	1,435,418	1,464,759	(29,341)
Public works	673,893	806,234	739,388	66,846
City streets	413,117	323,867	526,522	(202,655)
Municipal court	8,200	3,971	14,504	(10,533)
Parks and recreation	195,484	110,213	114,369	(4,156)
Community center	32,500	23,136	29,079	(5,943)
Capital outlay	600,000	600,000	81,608	518,392
Total Expenditures	<u>3,281,772</u>	<u>3,302,839</u>	<u>2,970,229</u>	<u>332,610</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>236,885</u>	<u>617,034</u>	<u>1,132,370</u>	<u>515,336</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	265,500	243,500	197,917	(45,583)
Transfers out	(75,000)	(42,500)	(1,938,807)	(1,896,307)
Total Other Financing Sources (Uses)	<u>190,500</u>	<u>201,000</u>	<u>(1,740,890)</u>	<u>(1,941,890)</u>
Net Change in Fund Balances	<u>427,385</u>	<u>818,034</u>	<u>(608,520)</u>	<u>(1,426,554)</u>
Fund Balances - Beginning	<u>6,212,914</u>	<u>6,212,914</u>	<u>6,212,914</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 6,640,299</u></u>	<u><u>\$ 7,030,948</u></u>	<u><u>\$ 5,604,394</u></u>	<u><u>\$ (1,426,554)</u></u>

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
Service Cost	\$ 81,325	\$ 94,624	\$ 80,357
Interest (on the Total Pension Liability)	41,475	48,603	53,899
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,848)	(20,254)	2,827
Change of assumptions	-	28,976	-
Benefit payments, including refunds of employee contributions	(21,389)	(28,157)	(53,121)
Net Change in Total Pension Liability	98,563	123,792	83,962
Total Pension Liability - Beginning	562,530	661,093	784,885
Total Pension Liability - Ending (a)	\$ 661,093	\$ 784,885	\$ 868,847
Plan Fiduciary Net Position			
Contributions - Employer	\$ 25,860	\$ 47,067	\$ 40,876
Contributions - Employee	45,597	49,028	40,702
Net Investment Income	30,860	915	45,883
Benefit payments, including refunds of employee contributions	(21,389)	(28,157)	(53,121)
Administrative Expense	(322)	(557)	(525)
Other	(26)	(28)	(28)
Net Change in Plan Fiduciary Net Position	80,580	68,268	73,787
Plan Fiduciary Net Position - Beginning	539,267	619,847	688,115
Plan Fiduciary Net Position - Ending (b)	\$ 619,847	\$ 688,115	\$ 761,902
Net Pension Liability - Ending (a) - (b)	\$ 41,246	\$ 96,770	\$ 106,945
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.76%	87.67%	87.69%
Covered Employee Payroll	\$ 651,383	\$ 700,400	\$ 700,400
Net Pension Liability as a Percentage of Covered Employee Payroll	6.33%	13.82%	15.27%

Note: Only nine 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 Changes in Net Pension Liability and Related Ratios (continued)

Last 10 Measurement Years (will ultimately be displayed)

2017	2018	2019	2020	2021	2022
\$ 79,713	\$ 85,182	\$ 115,975	\$ 127,981	\$ 147,178	\$ 197,400
58,139	57,391	80,477	92,955	107,195	119,069
-	-	221,271	-	-	-
(73,720)	9,151	(2,798)	17,302	(13,879)	(205,174)
-	-	18,061	-	-	-
(94,781)	(61,094)	(31,670)	(34,053)	(39,677)	(139,718)
(30,649)	90,630	401,316	204,185	200,817	(28,423)
868,847	838,198	928,828	1,330,144	1,534,329	1,735,146
<u>\$ 838,198</u>	<u>\$ 928,828</u>	<u>\$ 1,330,144</u>	<u>\$ 1,534,329</u>	<u>\$ 1,735,146</u>	<u>\$ 1,706,723</u>
\$ 43,965	\$ 47,317	\$ 50,738	\$ 97,531	\$ 127,523	\$ 160,551
40,376	42,140	47,614	52,116	64,744	79,368
104,418	(25,339)	131,269	79,486	162,113	(113,866)
(94,781)	(61,094)	(31,670)	(34,053)	(39,677)	(139,718)
(547)	(495)	(749)	(518)	(754)	(988)
(28)	(26)	(23)	(21)	5	1,179
93,403	2,503	197,179	194,541	313,955	(13,473)
761,902	855,305	857,808	1,054,987	1,249,528	1,563,483
<u>\$ 855,305</u>	<u>\$ 857,808</u>	<u>\$ 1,054,987</u>	<u>\$ 1,249,528</u>	<u>\$ 1,563,483</u>	<u>\$ 1,550,010</u>
\$ (17,107)	\$ 71,020	\$ 275,157	\$ 284,801	\$ 171,663	\$ 156,713
102.04%	92.35%	79.31%	81.44%	90.11%	90.82%
\$ 576,797	\$ 601,996	\$ 680,207	\$ 744,510	\$ 849,757	\$ 1,133,830
-2.97%	11.80%	40.45%	38.25%	20.20%	13.82%

CITY OF ALEDO, TEXAS
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 40,776	\$ 42,397	\$ 43,625
Contributions in relation to the actuarially determined contribution	\$ 41,784	\$ 40,462	\$ 42,682
Contribution deficiency (excess)	\$ (1,008)	\$ 1,935	\$ 943
Covered employee payroll	\$ 651,383	\$ 700,400	\$ 700,400
Contributions as a percentage of covered employee payroll	6.41%	5.78%	6.09%

Note: Only nine 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 (continued)
Last 10 Fiscal Years (will ultimately be displayed)

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 46,999	\$ 47,317	\$ 85,360	\$ 116,381	\$ 147,806	\$ 160,394
\$ 44,152	\$ 47,317	\$ 85,360	\$ 116,381	\$ 147,806	\$ 160,394
\$ 2,847	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 576,797	\$ 601,996	\$ 680,207	\$ 854,087	\$ 1,028,800	\$ 1,136,253
7.65%	7.86%	12.55%	13.63%	14.37%	14.12%

CITY OF ALEDO, TEXAS
Notes to Required Supplementary Information

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	Adopted restricted prior service credit.
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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	2022
Service Cost	\$ 2,076	\$ 2,468	\$ 2,245	\$ 3,648	\$ 5,014	\$ 6,123
Interest (on OPEB Liability)	1,234	1,296	1,540	1,519	1,384	1,430
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	2,316	639	(799)	595	(3,507)
Change of assumptions	3,268	(3,307)	9,044	9,814	2,546	(27,167)
Benefit payments, including refunds of employee contributions	(288)	(241)	(408)	(447)	(1,360)	(1,814)
Net Change in OPEB Liability	6,290	2,532	13,060	13,735	8,179	(24,935)
Total OPEB Liability - Beginning	31,759	38,049	40,581	53,641	67,376	75,555
Total OPEB Liability - Ending (a)	\$ 38,049	\$ 40,581	\$ 53,641	\$ 67,376	\$ 75,555	\$ 50,620
Covered Employee Payroll	\$ 576,797	\$ 601,996	\$ 680,207	\$ 744,510	\$ 849,757	\$ 1,133,830
OPEB Liability as a Percentage of Covered Employee Payroll	6.60%	6.74%	7.89%	9.05%	8.89%	4.46%

Notes:

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

Only six 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, 2023

	Special Revenue Funds				Total Other Governmental Funds
	Court Technology Fund	Court Security Fund	TIRZ Fund	EDC	Grant Fund
ASSETS:					
Cash and equivalents	\$ 1,515	\$ 1,509	\$ 54,731	\$ 1,947,695	\$ 67,087
Receivables					
Sales taxes	-	-	-	113,856	-
Other current assets	-	-	-	16,343	-
Total Assets	<u>\$ 1,515</u>	<u>\$ 1,509</u>	<u>\$ 54,731</u>	<u>\$ 2,077,894</u>	<u>\$ 67,087</u>
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,402	\$ -
Accrued liabilities	-	-	-	10,566	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,968</u>	<u>-</u>
DEFERRED INFLOWS:					
Unearned revenue	-	-	-	4,600	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>-</u>
FUND BALANCES:					
Restricted Fund Balances:					
Economic development	-	-	-	2,059,326	-
Public improvements	-	-	54,731	-	-
Court security	-	1,509	-	-	-
Court technology	1,515	-	-	-	-
Capital improvements	-	-	-	-	67,087
Total Fund Balances	<u>1,515</u>	<u>1,509</u>	<u>54,731</u>	<u>2,059,326</u>	<u>67,087</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,515</u>	<u>\$ 1,509</u>	<u>\$ 54,731</u>	<u>\$ 2,077,894</u>	<u>\$ 67,087</u>

CITY OF ALEDO, TEXAS
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
for the Year Ended September 30, 2023

	Special Revenue Funds				Total Other Governmental Funds
	Court Technology Fund	Court Security Fund	TIRZ Fund	EDC	Grant Fund
REVENUE					
Taxes:					
Property	\$ -	\$ -	\$ 10,418	\$ -	\$ -
Sales	-	-	-	655,862	-
Court fines and fees	251	266	-	-	-
Interest income	-	-	197	13,875	22,094
Other revenue	-	-	-	1,560	-
Total revenues	251	266	10,615	671,297	22,094
EXPENDITURES					
Current:					
Administration	-	-	172	23,226	-
Parks and recreation	-	-	-	22,058	-
Total Expenditures	-	-	172	45,284	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	251	266	10,443	626,013	22,094
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	(197,917)	-
Total Other Financing Sources (Uses)	-	-	-	(197,917)	-
Net Change in Fund Balances	251	266	10,443	428,096	22,094
Fund Balances - Beginning	1,264	1,243	44,288	1,631,230	44,993
Fund Balances - Ending	\$ 1,515	\$ 1,509	\$ 54,731	\$ 2,059,326	\$ 67,087