

CITY OF MATHIS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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**CITY OF MATHIS, TEXAS
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Independent Auditors' Report

Honorable City Council
City of Mathis, Texas

Members of the Council:

Opinions

We have audited the accompanying financial statements of the governmental activities, each business activity, each major fund, and the aggregate remaining fund information of City of Mathis, Texas, as of and for the year ended September 30, 2024 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, each major fund, and the aggregate remaining fund information of the City of Mathis, Texas as of September 30, 2024, 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 of 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 of Mathis, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 of Mathis, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mathis, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis on pages 3-10 and the Other Post-employment benefits Schedule of Funding Progress, Other Post-Employment Benefits Schedule of Annual Required Contributions, Schedule of Changes in the Net Pension Liabilities and Related Ratios and budgetary comparison information on page 23* 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 of Mathis, Texas' basic financial statements. The combining and individual non-major 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
Corpus Christi, Texas
October 31, 2025

A handwritten signature in black ink, appearing to read "Ernest R. Garza", is written over a horizontal line. The signature is stylized and cursive.

**CITY OF MATHIS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

In this section of the Annual Financial and Compliance Report, we, the managers of City of Mathis, Texas, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2024. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 13.

FINANCIAL HIGHLIGHTS

- During the year, the City had expenditures of \$4,682,910 that were \$604,452 less than the \$5,954,384 generated in taxes, other revenue in the amount of \$1,271,474 before transfers in of \$93,994 and transfers out of \$761,016 for a net of \$604,452 for governmental programs, (Exhibit C-3). This compares to last year (2023) when expenditures \$6,217,447 were \$11,869 less than revenues \$6,229,315, other revenues-capital bonds of \$0 and premium of \$0 and net transfers out and in of \$0, for a total net \$11,869.
- In the City's business-type activities, operational revenues increased from \$1,689,075 in 2023 to \$1,899,943 and expenses decreased from \$1,788,739 to \$1,759,441 for a net operating income of \$140,502 (compared to \$(99,664) in 2023 where expenses exceeded revenue). After transfer in (out) of \$736,036 net in 2024 compared to transfers out of \$(0) in 2023. In 2023, Grant Revenue was also recognized in the utility fund for \$1,288,422. So an increase in revenue, decrease in pension liability, deferred resources outflows and inflows overall resulted in a net change of \$736,036.
- The General Fund ended the year with a fund balance of \$1,802,248 up from 2023 of \$1,050,291.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 and 14-15). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 16) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the City.

The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the City's individual funds. The sections labeled Required Schedules Section contain data used by monitoring or regulatory agencies for assurance that the City is using funds supplied in compliance with the terms of grants.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees charged from outside the City and grants provided by the various federal agencies to assist the City with various infrastructure needs. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the City into kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the street, infrastructure, police, fire, ambulance and general administration. Property taxes, fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to “customers” to help it cover all or most of the cost of services it provides in the utility fund for water and sewer charges.
- **Component units**—The City includes one component units – The City of Mathis. Although legally separate, this “component unit” is an important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the City as a whole. Laws and contracts require the City to establish some funds, such as grants. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for money raised on behalf of the Mathis Police Reserves. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the City's other financial statements because the City cannot use these assets to finance its operations. The City is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental and business activities increased from \$17,808,093 to \$20,265,504. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$3,918,082 at September 30, 2024. This increase in governmental net position was the result of primarily a result of current year's operations, grants and net pension asset.

Table I
CITY OF MATHIS, TEXAS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	5,134,761	5,056,171	1,359,413	1,019,454	6,494,174	6,075,625
Restricted Assets	-	-	22,432	21,223	22,432	21,223
Capital Assets	10,856,781	10,294,230	8,943,180	8,456,253	19,799,961	18,750,483
Total Assets:	15,991,542	15,350,401	10,325,025	9,496,930	26,316,567	24,847,331
Def. Resource Outflows 68	209,813	385,001	-	16,715	209,813	401,716
Def. Resource Outflows 75	15,044	20,702	4,636	5,318	19,680	26,020
Long-Term Liabilities	3,882,412	4,172,920	729,000	748,000	4,611,412	4,920,920
Restricted Liabilities	-	-	105,558	105,558	105,558	105,558
Other Liabilities	661,752	1,600,769	779,751	762,790	1,441,503	2,363,559
Total Liabilities	4,544,164	5,773,689	1,614,309	1,616,348	6,158,473	7,390,037
Def. Resource Inflows 68	32,561	10,698	18,951	11,925	51,512	22,623
Def. Resource Inflows 75	35,285	48,704	35,285	5,610	70,570	54,314
Invested in Capital Assets	6,634,180	5,883,397	8,217,613	7,711,477	14,851,793	13,594,874
Restricted	1,052,126	1,199,631	-	-	1,052,126	1,199,631
Unrestricted	3,918,082	2,839,985	443,503	173,603	4,361,585	3,013,588
Total Net Position	11,604,388	9,923,013	8,661,116	7,885,080	20,265,504	17,808,093

Table II
CITY OF MATHIS, TEXAS
CHANGES IN NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,175,039	\$ 1,014,020	\$ 1,899,943	\$ 1,689,075	\$ 3,074,982	\$ 2,703,095
Operating Grants/Contributions	1,520,263	2,560,569	-	1,255,711	1,520,263	3,816,280
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Maintenance /Operations Taxes	2,955,796	2,549,401	-	-	2,955,796	2,549,401
Sales Taxes	1,193,697	1,159,789	-	-	1,193,697	1,159,789
Franchise Taxes	191,310	194,343	-	-	191,310	194,343
Other Taxes	-	-	-	-	-	-
License and Permits	29,618	40,805	-	-	29,618	40,805
Unrestricted Investment Earnings	4,957	26,847	2,025	-	6,982	26,847
Miscellaneous	823,433	443,810	-	-	823,433	443,810
Total Revenues	7,894,113	7,989,584	1,901,968	2,944,786	9,796,081	10,934,370
Expenses:						
General Administration	2,250,147	1,450,203	-	-	2,250,147	1,450,203
Public Facilities	1,457,762	1,547,474	-	-	1,457,762	1,547,474
Public Safety	1,333,553	1,104,387	-	-	1,333,553	1,104,387
Public Transportation	-	-	-	-	-	-
Culture and Recreation	295,295	92,029	-	-	295,295	92,029
Interest and Fiscal Charges	208,959	731,288	33,513	34,256	242,472	765,544
Water, Garbage, and Sewer	-	-	1,759,441	1,754,483	1,759,441	1,754,483
Total Expenses	5,545,716	4,925,381	1,792,954	1,788,739	7,338,670	6,714,120
Increase (Decrease) in Net Position before transfers and special items	2,348,397	3,064,203	109,014	1,156,047	2,457,411	4,220,250
Transfers	(667,022)	-	667,022	-	-	-
Increase (Decrease) in Net Position	1,681,375	3,064,203	776,036	1,156,047	2,457,411	4,220,250
Prior period adjustment	-	219,329	-	153,582	-	372,911
Net Position at Beginning	9,923,013	6,639,481	7,885,080	6,575,451	17,808,093	13,214,932
Net Position at Ending	\$ 11,604,388	\$ 9,923,013	\$ 8,661,116	\$ 7,885,080	20,265,504	17,808,093

The assessed valuation before exemptions at January 1, 2024 totaled \$184 million. The current tax rate is \$1.098086 per \$100 valuation with a current tax levy of \$2,026,473. The current tax rate finances debt service and the city's operations.

Through the month of September 2024, the Tax Assessor/Collector's office reports \$1,808,201 of the levies had been collected. Current tax collections for the operating and interest and sinking fund was \$1,637,332 or 80.80% of the amount levied, including delinquent collections of \$170,869 or 8.43%. The total overall collection rate for current and delinquent collections to the current levy was 100%. Penalties and interest of \$45,743 were also collected.

The City took actions this year to compensate for some increases in cost and avoid the loss of city revenues.

The City maintained the property tax rate at \$1.098086.

The cost of all governmental activities this year was \$5,545,716 million compared to \$4,925,381 million last year, as shown in the Statement of Activities on pages 14 and 15. The business type activity expenses were \$1,759,441, compared to the prior year of \$1,788,739. (Exhibit B-1)

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16 reported a combined fund balance of \$2,854,373. (Exhibit C-1, C-3).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had \$17,975,876 invested in a broad range of capital assets, including facilities and infrastructure in the governmental activities. Proprietary funds had \$14,484,192 invested in fixed assets at year-end as in the prior year.

This year's 2023/2024 continued finishing major additions included:

Fixed asset additions on various projects:	-
Governmental	778,690
Utility	737,953
	<u>1,516,643</u>

Debt

At year-end, the City had \$4,220,239 in bonds, notes, leases and compensated absences outstanding versus \$4,579,899 last year. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

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.

Plan Description

The City of Mathis, Texas, participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. All eligible employees of the city are required to participate in TMRS.

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Employees covered by benefit terms.

At the December 31, 2022 and 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	34	35
Inactive employees entitled to but not yet receiving benefits	114	136
Active employees	<u>52</u>	<u>54</u>
Total	<u>200</u>	<u>225</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mathis, Texas, were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mathis, Texas, were 3.75% and 3.92% (plus 0.46% additional contributions) in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2024, were \$102,982, and were equal to the required contributions, and city contributions for to TMRS for September 30, 2023 were \$105,982 which was the city contributions as well.

The City does not have an unfunded Actuarial Accrued Liability overall. See notes to financial statements for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget, tax rates. One of those factors is the economy.

These indicators were taken into account when adopting the General Fund budget for 2025. Amounts available for appropriation in the General Fund budget are approximately \$3,952,620, an overall consistent budget over the final 2024 budget of \$4,191,556. Property taxes (benefiting from the 2024/2025 increases in assessed valuations). Budgeted expenditures are expected to decrease nearly 5 percent in 2025. Increased wages and salaries caused some of the increase including higher fuel and fuel related services. The City has upcoming capital projects from grants for two new water wells. along with various infrastructure additions for the upcoming budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to increase modestly by the close of 2024/2025 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Mathis, Texas.

BASIC FINANCIAL STATEMENTS

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**CITY OF MATHIS, TEXAS
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

EXHIBIT A-1

	Primary Government			Component Unit Non-Major Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 1,338,270	286,790	1,625,060	1,011,956
Receivables (net of allowance)	1,579,522	603,910	2,183,432	222,314
Prepaid Items	-	-	-	54
Due From Other Funds	401,449	346,288	747,737	-
Due From Others	799,415	-	799,415	-
Inventory	-	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Temporarily Restricted Assets	-	22,432	22,432	-
Net Pension Asset	1,016,105	122,425	1,138,530	-
Capital Assets:				
Land	322,575	12,412	334,987	9,359
Utility System, net	9,436,418	8,530,748	17,967,166	98,153
Machinery and Equipment, net	1,097,788	400,020	1,497,808	-
TOTAL ASSETS:	\$ 15,991,542	10,325,025	26,316,567	1,341,836
Deferred Resource Outflows- Gasb 68	\$ 209,813	-	209,813	-
Deferred Resource Outflows- Gasb 75	15,044	4,636	19,680	-
LIABILITIES:				
Accounts Payable & Other Current Liab.	\$ 169,996	-	169,996	-
Due to Other Funds	-	747,737	747,737	-
Net Pension Liability - Gasb 75	144,059	8,388	152,447	-
Accrued Liabilities	34,477	7,320	41,797	-
Current Bonds/Loans/Lease Payable	293,140	19,000	312,140	24,486
Payable from Restricted Assets	20,080	102,865	122,945	-
Bonds/Loans Payable/Other - Long Term	3,882,412	729,000	4,611,412	358,105
TOTAL LIABILITIES	\$ 4,544,164	1,614,309	6,158,473	382,591
Deferred Resource Inflows Gasb 68	\$ 32,561	18,951	51,512	-
Deferred Resource Inflows - Gasb 75	35,285	35,285	70,570	-
NET POSITION:				
Invested in Capital Assets	\$ 6,634,181	8,217,612	14,851,793	(275,080)
Restricted for Revenue Bond Retirement	-	-	-	-
Commitments	-	-	-	-
Restricted for Capital Project Funds	(15,436)	-	(15,436)	-
Restricted for Special Revenue Funds	651,800	-	651,800	-
Restricted for Debt Service Funds	415,761	-	415,761	-
Unrestricted Net Position	3,918,082	443,503	4,361,585	1,234,325
TOTAL NET POSITION	\$ 11,604,388	8,661,116	20,265,504	959,245

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MATHIS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

<u>Primary Government:</u>	Program Revenues		
Expenses	Charges For Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:			
10 General Government	\$ 2,250,147	588,299	-
21 Public Safety	1,333,553	-	-
31 Public Works	1,457,762	586,740	-
50 Culture and Recreation	295,295	-	-
65 Economic Development and Assistance	-	-	-
73 Bond Interest	208,959	-	-
TOTAL PRIMARY GOVERNMENT	\$ 5,545,716	1,175,039	-
 BUSINESS-TYPE ACTIVITIES:			
701 Utility Fund	\$ 1,759,441	1,899,943	-
Total Business Type Activities:	\$ 1,759,441	1,899,943	-

General Revenues:

Taxes:
 Prop. Taxes, Levied for M&O, Debt Serv.
 Sales Taxes
 Franchise Taxes
 Other Taxes
 Licenses and Permits
 Grants and Contributions not Restricted
 Other Revenue/(Expense)
 Investment Earnings
 Transfers In (Out)
 Total General Revenues and Transfers
 Change in Net Position

Net Position - Beginning
 Prior Period Adjustment- Note T
 Net Position - Ending

The notes to the Financial Statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenues and Changes in Net Position			
Primary Government			Component Units Non-major Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (1,661,848)	-	(1,661,848)	310,231
(1,333,553)	-	(1,333,553)	-
(871,022)	-	(871,022)	-
(295,295)	-	(295,295)	-
-	-	-	-
(208,959)	-	(208,959)	13,823
<u>\$ (4,370,677)</u>	<u>-</u>	<u>(4,370,677)</u>	<u>324,054</u>
-	140,502	140,502	-
<u>-</u>	<u>140,502</u>	<u>140,502</u>	<u>-</u>
			-
			-
\$ 2,955,796	-	2,955,796	-
1,193,697	-	1,193,697	355,100
191,310	-	191,310	-
-	-	-	-
29,618	-	29,618	-
1,520,263	-	1,520,263	-
823,432	(31,488)	791,945	66,376
4,957	-	4,957	29,515
(667,022)	667,022	(0)	-
<u>\$ 6,052,052</u>	<u>635,534</u>	<u>6,687,587</u>	<u>450,991</u>
<u>1,681,375</u>	<u>776,036</u>	<u>2,457,411</u>	<u>126,937</u>
<u>9,923,013</u>	<u>7,885,080</u>	<u>17,808,093</u>	<u>832,308</u>
-	-	-	-
<u>\$ 11,604,388</u>	<u>8,661,116</u>	<u>20,265,504</u>	<u>959,245</u>

**CITY OF MATHIS, TEXAS
BALANCE SHEET
GOVERNMENT FUNDS
SEPTEMBER 30, 2024**

	General	Debt Service Fund
ASSETS		
Cash and Texpool Accounts	\$ 729,644	47,386
Receivables and Allowances:		
Miscellaneous Receivables	-	-
Due From Other Governmental Agencies	393,009	-
Garbage	539,792	-
Ad Valorem Taxes	993,642	339,344
Allowance for Uncollectible Taxes	(218,601)	(74,656)
Due From Other Funds	1,700,080	384,104
Prepaid Items	-	-
	<u>4,137,567</u>	<u>696,179</u>
TOTAL ASSETS	\$ <u>4,137,567</u>	<u>696,179</u>
 LIABILITIES AND FUND BALANCE		
Accounts Payable	\$ 169,989	-
Other Payables	21,458	-
Due to Other Funds	1,368,831	15,729
Unearned Revenue	-	-
TOTAL LIABILITES	\$ <u>1,560,279</u>	<u>15,729</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Tax Revenues	\$ 775,041	264,689
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ <u>775,041</u>	<u>264,689</u>
 FUND BALANCE		
Restricted for Special Revenue	\$ -	-
Restricted for Debt Service	-	415,761
Restricted for Capital Projects	-	-
Unassigned	1,802,248	-
TOTAL FUND BALANCE	\$ <u>1,802,248</u>	<u>415,761</u>
 TOTAL LIABILITIES, DEFERRED INLFOWS OF RESOURCES AND FUND BALANCE	\$ <u>4,137,567</u>	<u>696,179</u>

EXHIBIT C-1

2024 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
51,977	509,262	1,338,270
-	-	-
169,621	236,785	799,415
-	-	539,792
-	-	1,332,987
-	-	(293,257)
-	386,219	2,470,403
-	-	-
<u>221,598</u>	<u>1,132,266</u>	<u>6,187,610</u>
-	6	169,996
-	13,019	34,477
237,034	447,361	2,068,954
-	20,080	20,080
<u>237,034</u>	<u>480,466</u>	<u>2,293,507</u>
-	-	1,039,730
-	-	1,039,730
-	651,800	651,800
-	-	415,761
(15,436)	-	(15,436)
-	-	1,802,248
<u>(15,436)</u>	<u>651,800</u>	<u>2,854,373</u>
<u>221,598</u>	<u>1,132,266</u>	<u>6,187,610</u>

CITY OF MATHIS, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Exhibit C-2

Total Fund Balances - Governmental Funds	\$ 2,854,373
Capital assets are used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including these balances for capital assets (net of depreciation) in the governmental activities is to increase net position. At the beginning of the year, the costs of these assets were: <u>16,939,186</u> and the accumulated depreciation was: <u>(6,644,958)</u>	6,570,400
In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position -- <u>(3,723,828)</u> .	
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase (decrease) net position.	443,105
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of <u>719,081</u> , and a Deferred Resource inflow in the amount of <u>(10,698)</u> , and a deferred resource outflow in the amount of \$ <u>385,001</u> . This resulted in an increase/(decrease) in net position by \$ <u>1,093,384</u> .	\$ 929,425
Included in the noncurrent assets(liabilities) is the recognition of the City's net OPEB asset/(liability) required by GASB 75 in the amount of \$ <u>(135,957)</u> , a deferred resource inflow in the amount of \$ <u>(48,704)</u> and a deferred resource outflow in the amount of \$ <u>20,702</u> . This resulted in an increase/(decrease) in the net position by \$ <u>(163,959)</u> .	-
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(474,137)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	1,281,223
Net position of Governmental Activities	\$ <u>11,604,388</u>

The accompanying notes are an integral part of this statement.

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**CITY OF MATHIS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General	Debt Service Fund
REVENUES		
Taxes	\$ 2,878,484	336,924
Licenses and Permits	29,618	-
Intergovernmental	13,556	-
Charges for Services	586,740	-
Fines and Penalties	-	-
Interest	-	154
Other	1,194,383	-
TOTAL REVENUES	\$ 4,702,781	337,078
EXPENDITURES		
Current		
General Administration	\$ 998,374	13,498
Cultural and Recreational, Tourism	139,037	-
Public Safety	1,939,653	-
Public Works	448,879	-
Sanitation	479,943	-
Debt Service		
Principal Retirement	-	171,454
Interest and Fiscal Charges	-	208,959
Capital Outlay	-	-
TOTAL EXPENDITURES	\$ 4,005,885	393,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 696,896	(56,832)
OTHER FINANCING SOURCES (USES)		
Capital - related Debt Issued	\$ -	-
Premium on bonds issued	-	-
Transfers from Other Funds	55,061	35,086
Transfer to Other Funds	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 55,061	35,086
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 751,957	(21,746)
FUND BALANCE, beginning of year	\$ 1,050,291	437,508
Prior Period Adjustment	-	-
FUND BALANCE, end of year	\$ 1,802,248	415,761

EXHIBIT C-3

2024 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	85,666	3,301,074
-	-	29,618
-	606,708	620,263
-	-	586,740
-	-	-
3,174	1,629	4,957
-	217,349	1,411,732
<u>3,174</u>	<u>911,352</u>	<u>5,954,384</u>
-	13,556	1,025,428
-	21,940	160,976
-	51,581	1,991,234
172,622	23,416	644,917
-	-	479,943
-	-	171,454
-	-	208,959
-	-	-
<u>172,622</u>	<u>110,493</u>	<u>4,682,910</u>
<u>(169,448)</u>	<u>800,859</u>	<u>1,271,474</u>
-	-	-
-	-	-
-	3,847	93,994
-	(761,016)	(761,016)
-	(757,169)	(667,022)
(169,448)	43,689	604,452
154,013	608,111	2,249,922
-	-	-
<u>(15,436)</u>	<u>651,800</u>	<u>2,854,373</u>

CITY OF MATHIS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Exhibit C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 604,452
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase (decrease) net position.	(1,304,453)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2023 caused the change in the ending net position to increase in the amount of \$ <u>38,777</u> . Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling <u>(38,065)</u> The City's reported TMRS net pension expense had to be recorded. The net pension expense increase / (decreased) the change in net position by \$ <u>23,457</u> . The result of these changes is to increase / (decrease) the change in net position by \$ <u>24,169</u> .	26,749
The implementation of GASB 75 the requirements required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2023 caused the change in the ending net position to increase in the amount of <u>19,522</u> . Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$ <u>(12,914)</u> The City's reported TMRS net OPEB pension expense had to be recorded. The net OPEB pension expense increase / (decreased) the change in net position by \$ <u>(4,028)</u> . The result of these changes is to increase / (decrease) the change in net position by \$ <u>2,580</u> .	
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(474,137)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds from bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions as to increase (decrease) net position.	2,828,765
Change in Net Position of Governmental Activities	\$ <u><u>1,681,375</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MATHIS, TEXAS

EXHIBIT C-5

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET (GAAP) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2024 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2023

	2024			Variance With Final Budget Positive/Negative	2023
	BUDGETED				Actual
	AMOUNTS	Final	Actual		
	Original				
REVENUES					
Taxes	2,822,553	2,822,553	2,878,484	55,931	2,539,528
Licenses and Permits	46,857	46,857	29,618	(17,239)	40,805
Intergovernmental	36,000	36,000	13,556	(22,444)	16,833
Charges for Services	523,523	523,523	586,740	63,217	577,204
Fines and Penalties	-	-	-	-	-
Other	503,610	503,610	1,194,383	690,773	834,277
Total Revenues	3,932,543	3,932,543	4,702,781	770,238	4,008,648
EXPENDITURES					
Current					
General Administration	916,393	916,393	998,374	81,981	503,639
Public Safety	2,240,528	2,238,428	1,939,653	(298,775)	1,404,242
Public Works	952,298	952,298	448,879	(503,419)	326,814
Sanitation	-	-	479,943	479,943	351,062
Culture and Recreation	150,303	150,303	139,037	(11,266)	87,759
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Improvements	-	-	-	-	-
Total Expenditures	4,259,522	4,257,422	4,005,885	(251,537)	2,673,516
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(326,979)	(324,879)	696,896	1,021,775	1,335,132
OTHER FINANCING SOURCES (USES)					
Capital related Debt Issued	-	-	-	-	-
Transfers From Other Funds	259,013	259,013	55,061	(203,952)	-
Transfers (To) Other Funds	-	-	-	-	(82,820)
TOTAL OTHER FINANCING SOURCES (USES)	259,013	259,013	55,061	(203,952)	(82,820)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(67,966)	(65,866)	751,957	817,823	1,252,312
FUND BALANCE, beginning of year	1,050,291	1,050,291	1,050,291	-	(202,021)
Prior Period Adjustment	-	-	-	-	-
FUND BALANCE, end of year	982,325	984,425	1,802,248	817,823	1,050,291

**CITY OF MATHIS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

EXHIBIT D-1

	Business-Type Activities Enterprise Fund <hr/> Utility Fund <hr/>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	286,790
Receivables and Allowances	
Accounts	
Water and Wastewater Billings	603,910
Assessments	-
Other	-
Allowance for Uncollectible Accounts	-
Due from Other Funds	346,288
Bond Issue Cost (Net)	-
Prepaid Items	-
Inventory	-
Total Current Assets	<hr/> 1,236,988 <hr/>
Non-Current Assets:	
Restricted Assets:	
Cash and Cash Equivalents	
Meter Deposits	22,382
Revenue Bond Reserve	51
Total - Non-Current Assets	<hr/> 22,432 <hr/>
Net Pension Asset (liability)	122,425
Capital Assets	
Land	12,412
Construction in Progress	2,130,789
Buildings	231,970
Water System	8,090,839
Sewer System	3,618,162
Infrastructure	0
Vehicles	-
Furniture and Equipment	400,020
Total Capital Assets	<hr/> 14,484,192
Less Accumulated Depreciation	(5,541,012)
Net Capital Assets	<hr/> 8,943,180 <hr/>
TOTAL ASSETS	<hr/> 10,325,025 <hr/>
Deferred Resource Outflows 68	-
Deferred Resource Outflows 75	4,636

**CITY OF MATHIS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024**

EXHIBIT D-1
continued

	Business-Type Activities Enterprise Fund <hr/> Utility Fund <hr/>
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Accrued Liabilities	-
Compensated Absences	7,320
Due to Other Funds	747,737
Capital Leases Payable	-
Current Portion of Revenue Bonds Payable	19,000
Customer Meter Deposits	<u>102,865</u>
Total Current Liabilities	<u>876,921</u>
Liabilities (Payable from Restricted Assets):	
Long-Term Liabilities	
Net Pension Liability	8,388
Capital Leases Payable	0
Revenue Bonds Payable	<u>729,000</u>
Total Long-Term Liabilities	<u>737,388</u>
Total Liabilities	<u>1,614,309</u>
Deferred Resource Inflows 68	35,285
Deferred Resource Inflows 75	18,951
NET POSITION	
Invested in Capital Assets	8,217,612
Restricted for:	
Revenue Bond Retirement	-
Unrestricted	<u>443,503</u>
Net Position	<u><u>8,661,116</u></u>

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

**CITY OF MATHIS, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2024**

EXHIBIT D-2

	Business-Type Activities Enterprise Fund Utility Fund
OPERATING REVENUES	
Water Sales	1,115,113
Sewer Sales	644,391
Meter tap/reconnect fees	1,636
Other Fees and Charges	138,803
Total Operating Revenues	<u>1,899,943</u>
OPERATING EXPENSES	
Personnel Costs	625,927
Contracted Services	1,463
Supplies	7,445
Maintenance	126,860
Self Insurance Claims & Administration	-
Other Operating Expenses	493,271
Subtotal	<u>1,254,965</u>
Water Purchased	274,540
Depreciation	229,936
Amortization	-
Total Operating Expenses	<u>1,759,441</u>
Net Operating Income	<u>140,502</u>
NON-OPERATING REVENUES (EXPENSES)	
Refunding Bonds Issued	-
Payments to Escrow Agents	-
Grant Income	-
Interest Income	2,025
Interest and Fiscal Charges	(33,513)
Net Non-Operating Revenues (Expenses)	<u>(31,488)</u>
Income Before Transfers	<u>109,014</u>
Transfers in	730,676
Transfers (out)	(63,654)
Change in Net Position	<u>776,036</u>
Prior Period Adjustment	<u>-</u>
NET POSITION BEGINNING OF YEAR	<u>7,885,080</u>
NET POSITION END OF YEAR	<u><u>8,661,116</u></u>

**CITY OF MATHIS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2024**

EXHIBIT D-3

	Business-Type Activities Enterprise Fund Utility Fund
Cash flow from operating activities:	
Cash received from customers	1,823,883
Cash received from other funds for services	-
Cash payments to suppliers for goods and services	(869,246)
Cash payments to employees for services	(645,275)
Other adjustments	-
Net cash provided by operating activities	<u>309,363</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>667,022</u>
Cash Flows from Capital and Related Financing Activities:	
Net Refunds bonds/costs	-
Grant Proceeds	-
Principal Payment on bonds	(18,000)
Interest and Fiscal Charges Paid	(33,513)
Purchase of Capital Assets	(737,953)
Other Adjustments	40,377
Net Cash Used for Capital and Related Financing Activities	<u>(749,089)</u>
Cash Flows from Investing Activities- Interest Income	<u>2,025</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,321
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>79,901</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>309,223</u></u>
Reconciliation of Operating Income to Net Cash	
Operating Activities	
Operating Income	140,502
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	229,936
Amortization	-
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (Net)	(158,314)
(Increase) Decrease in Due from Other Funds	82,254
(Increase) Decrease in Due from Other Governments	-
(Increase) Decrease in Prepaid Items	-
(Increase) Decrease in Inventory	-
Increase (Decrease) in Accounts Payable	-
Increase (Decrease) in Accrued Liabilities	-
Increase (Decrease) in Due to Other Funds	37,027
Increase (Decrease) in Capital Leases Payable	-
Increase (Decrease) in Compensated Absences	(19,348)
Increase (Decrease) in Customer Deposits	(2,694)
Net Cash Provided by Operating Activities	<u><u>309,363</u></u>

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CITY OF MATHIS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT E-1

	Total Fiduciary Funds
Assets	
Cash and cash equivalents	\$ 7,757
Accounts Receivable	0
Due From Other Funds	29,733
Total Assets	<u><u>\$ 37,490</u></u>
Liabilities	
Accounts Payable	\$ 424
Due to Other Funds	60,250
Total Liabilities	<u><u>\$ 60,674</u></u>
Net Position	
Net Position	\$ (23,184)
	-
Total Net Position	<u><u>\$ (23,184)</u></u>

CITY OF MATHIS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT E-2

	Total Fiduciary Funds
ADDITIONS:	
Miscellaneous Revenue	<u>29,256</u>
Total Additions	<u><u>29,256</u></u>
DEDUCTIONS	
Other Deductions	<u>65,376</u>
Total Deductions	<u><u>65,376</u></u>
Changes in Fiduciary Net Position	(36,120)
Total Net Position - Beginning	12,936
Prior Period Adjustment	-
Total Net Position - Ending	<u><u>(23,184)</u></u>

The accompanying notes are an intergral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mathis, Texas, (the City) was incorporated by an election held on August 16, 1938 and certified by the San Patricio City Commissioners Court on January 20, 1939. The City operates under charter – City Manager form of government and provides the following services: public safety, public transportation health, culture – recreation, public facilities, legal, election functions, and general administration services.

The Accounting principles of the City of Mathis, Texas, conform to generally accepted accounting principles (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Principals Determining Scope of Reporting Entity

The financial statements of the City of Mathis, Texas, consist only of the fund and account group. The City of Mathis, Texas, has no oversight responsibility for any other governmental entity. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

A. REPORTING ENTITY

The City Council (the "Council") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Council is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The City of Mathis was formed via an election held on May 3, 1997 authorized by the Mathis City Council per ordinance No. 96-09 and authorized by Section 4B, Article 5190.6, V.T.C.S. A half-cent tax is assessed and collected via the sales tax and funds the projects as well as economic development for the city as allowed per the statute. The affairs of the Corporation are managed by a board of directors which are composed of seven persons appointed by the governing body of the City. The Corporation as a 4-B Sales Taxing entity and is required by generally accepted accounting principles (GAAP) to present the financial statements of the government is considered to be financially accountable. The Corporation, as a component unit of the City of Mathis, Texas, although legally separate entities, are, in substance, part of the governments, operations and so data from these units are combined with data of the City of Mathis, Texas, the primary government. These financial statements are reported in a separate column in the City of Mathis, Texas, financial statements to emphasize it is legally separate from the government.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

The Cash accounts of the City of Mathis EDC are as follows:

	Risk Categories			Bank Balance	Carrying Amount
	(1)	(2)	(3)		
Cash Accounts	1,011,956	-	-	1,011,956	1,011,956
Total	<u>1,011,956</u>	<u>-</u>	<u>-</u>	<u>1,011,956</u>	<u>1,011,956</u>

The Corporation's investments are categorized as either (1) insured or registered, or securities held by the Corporation or its agent in the Corporation's name, (2) uninsured and unregistered with securities held by the financial institution's trust department or agent in the Corporation's name or (3) uninsured and unregistered with securities held by the financial institution's trust department or agent not in the Corporation's name. Cash amounts are secured within F.D.I.C. coverage and pledge amounts.

Note requirements for next year is \$40,003, with various interest rates per annum, which will be paid in the next fiscal years. Note requirements of the City of Mathis are as follows:

Year Ending September 30	Principal	Interest	Requirement
2025	24,486	15,517	40,003
2026	25,538	14,466	40,004
2027	26,646	13,358	40,004
2028	27,814	12,190	40,004
2029	29,045	10,959	40,004
2030-2033	166,145	33,874	200,019
2034-2038	25,000	13,460	38,460
2039-2043	25,000	13,460	38,460
2044-2048	25,000	13,460	38,460
2049-2051	7,917	4,263	12,180
Total	<u>382,591</u>	<u>145,007</u>	<u>527,598</u>

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Mathis, Texas and its component unit(s) non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. Taxes are always general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due from/due to on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors periodically require the City to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before December 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The accounts of the City of Mathis, Texas, are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounting for with a separate set of self – balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses, as appropriate Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The following fund types and account groups are maintained by the City of Mathis:

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the City of Mathis. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is the fund that is utilized to satisfy general obligations of the City with tax revenues.

Special Revenue Funds – The Special Revenue Funds account for resources generated by proceeds from revenue programs that are designated for or restricted to expenditures for specified purposes.

PROPRIETARY FUND

Enterprise Fund – The Enterprise Fund is used to account for the operation of the water and sewer utility system. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary Fund – The Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City of Mathis, in a trustee or agency capacity. When these assets are held under the terms of a formal trust agreement, either a “non-expendable” or “expendable” refer to whether or not the City is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government as their agent, holds on behalf of others. The Police Drug fund is used to account for money and property seized in drug raids according to legislation passed during the 71st Legislature of the State of Texas, and a “local agreement” with the state’s attorney. This money is to be used by the police department to combat drug crimes. Other fiduciary monies include the Volunteer Fire Department and the Police Reserve Fund.

E. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., total net asset) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (e.g., revenues) and decreases (e.g., expenses) in total assets.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

E. BASIS OF ACCOUNTING (continued)

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City of Mathis considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Those revenues considered susceptible to accrual are property taxes, hotel taxes, special assessments, interest income and charges for services. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenues. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred.

All proprietary funds are using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Utility revenues billed to customers are based on a monthly meter reading. Unbilled utility service revenues have been accrued through September 30, 2024.

F. OTHER ACCOUNTING POLICIES

Investments - The City of Mathis can legally invest in certificates of deposits, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations, all of which are recorded at cost.

Restricted Assets - These assets consist of cash and liquid investments accounts restricted for the Water and Sewer Fund debt service. The City of Mathis has several combination debt service and revenue bond obligations. These obligations can be satisfied from either source of funds.

Inventories - Inventories are stated at the lower of cost or market. Inventories of material and supplies held by Water and Sewer Fund are recorded in the Enterprise Fund.

Fixed Assets Accounting - All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value on the date of donation. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, etc., have not been capitalized. Such assets are normally immovable and of value only to the City of Mathis, therefore, the purpose of stewardship for these items is satisfied without recording of these assets in governmental funds. No depreciation has been provided on general fixed assets.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fixed assets of proprietary funds are capitalized in the fund accounts because the fixed assets are used in services sold. Fixed assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated market value as of date of donation. Depreciation of fixed assets for proprietary funds is recognized in determining net income and changes in fund equity. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets, which range from 4 to 50 years.

Inter-fund Transactions

During the course of normal operations the City of Mathis has numerous transactions between funds including expenditures and transfers of resources to provide services and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, which are included in the results of operations of both governmental and proprietary funds. Short – term inter-fund loans receivable (reported in “Due from Other Funds”) are considered “available spend-able resources”.

Reclassification and Prior Period Adjustment. Adjustments have been made to correct balances to audit adjustments.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 322,575	\$ -	\$ 322,575	
Buildings	835,789	(645,387)	190,402	
Furniture & Equipment	4,071,821	(3,392,268)	679,553	
Capital Leases	-	-	-	
Infrastructure	<u>11,709,002</u>	<u>(2,607,303)</u>	<u>9,101,699</u>	
Change in Net Position	\$ 16,939,187	\$ (6,644,958)		<u>\$ 10,294,229</u>
Long-term Liabilities				
at the Beginning of the year				
Bonds Payable	\$ 3,395,000			
Loans Payable	120,601			
Capital Leases Payable	-			
Other	<u>208,227</u>			
Change in Net Position	<u>3,723,828</u>			<u>\$ (3,723,828)</u>
Net Adjustment to Net Position				<u>\$ 6,570,401</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ -	\$ -	\$ -
Buildings & Improvements	606,068	606,068	606,068
Furniture & Equipment	172,622	172,622	172,622
Construction in Process	-	-	-
Total Capital Outlay	<u>\$ 778,690</u>	<u>\$ 778,690</u>	<u>\$ 778,690</u>
<u>Debt Principal Payments</u>			
Bond Principal	85,000	85,000	85,000
Loan Principal	38,729	38,729	38,729
Notes principal	18,000	18,000	18,000
Other	14,833	14,833	14,833
Total Principal Payments	<u>156,562</u>	<u>156,562</u>	<u>156,562</u>
Total Adjustment to Net Position	<u>\$ 935,252</u>	<u>\$ 935,252</u>	<u>\$ 935,252</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Unavailable Revenue</u>			
Taxes Collected from Prior Year Levies	\$ -	\$ -	\$ -
Uncollected taxes (assumed collectible) from Current Year Levy	389,141	389,141	389,141
Uncollected Taxes (assumed collectible) from Prior Year Levy	943,846	943,846	943,846
Other	-	-	-
Total	<u>\$ 1,332,987</u>	<u>\$ 1,332,987</u>	<u>\$ 1,332,987</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

Budgets and Budgetary Accounting

The following procedures are used by the City of Mathis in establishing the budgetary data reflected in the financial statements:

(1) Prior to October 1, the beginning of the fiscal year, the City Manager submits a proposed budget to the Council. The operating budget includes proposed expenditures and the means of financing them. The Budget process begins several months usually in July of the preceding fiscal year starts.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

(2) Public hearings are conducted to obtain taxpayer comments.

(3) The budget and the tax levy are legally enacted through the passage of ordinances.

(4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Council.

(5) Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue Fund, and Proprietary Funds.

(6) Budgets for the General, Debt Service, Special Revenue and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the City Council.

(7) Appropriations lapse at year-end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Various line item expenditures exceeded appropriations but overall the City remained within its various departmental budgets.

C. DEFICIT FUND EQUITY

Capital Projects Fund

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2024, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,625,060 and the bank balance was \$2,222,587. The City's cash deposits at September 30, 2024 and during the year ended September 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 -Cash or Investments that are insured, registered or held by the City or by its agent in the City's name.

Category 2 -Cash or Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the City's name.

Category 3 -Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the City's name.

Based on these three levels of risk, all of the City's investments are classified as Category 1.

The City's investments at September 30, 2024, are shown below:

Investment or Investment Type	Investment Maturities (In Years)			
Fair Value	Less than 1	1 to 2	2 to 3	
Investment in Tex-Pool	145,385	145,385	-	-
Total Fair Value	\$ 145,385	\$ 145,385	\$ -	\$ -

Interest Rate Risk- In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Credit Risk- In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Concentration of Credit Risk- the City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

B. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed values at the date the enforceable lien attaches. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

The San Patricio City Appraisal City, assessed at 100% of appraised value establishes appraised values. The San Patricio City Tax Assessor collects the City's tax funds and remits the following month after collections are made.

The City of Mathis allocates and distributes property tax revenues as well as penalties and interest collected thereon to the General Fund and Debt Service Fund based on the percentage of collections and applicable tax rate. Property taxes receivable is recorded as assets and offset by a corresponding entry to deferred revenue. Property tax revenues are recorded revenues, as they become available.

C. DELINQUENT TAXES RECEIVABLE

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

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at September 30, 2024, consisted of the following amounts:

General Fund	1,700,080
All Others	770,323
Total Due to General Fund from Other Funds	2,470,403
Utility Fund	
Due From Other Funds	346,288
Subtotal	2,816,691
Due To:	
General Fund	1,384,560
Capital Projects Fund	237,034
All Others	447,361
Total Due to Major Fund #1	2,068,955
Utility Fund	
Due To Other Funds	747,736
Subtotal	2,816,691

Inter-fund transfers for the year ended September 30, 2024, consisted of the following individual amounts:

Transfers from Other Funds:	
Major Governmental Funds	90,147
Non-Major Governmental Funds	3,847
All Others - Utility	730,676
Total Transfers to General Fund	824,670
Transfers to Other Funds:	
Major Governmental Funds	761,016
Non-Major Governmental Funds	-
All Others	63,654
Total Transfers to Nonmajor Governmental Funds	824,670
	-

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

E. DESEGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2024, were as follows:

	Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 993,642	\$ 393,009	\$ 1,700,080	\$ -	\$ 3,086,731
Capital Project Fund	-	169,621	-	-	169,621
Debt Service Fund	339,344	-	384,104	-	723,448
Other Major Governmental Fund	-	236,785	-	-	236,785
Non-major Funds	-	-	386,219	-	386,219
Other Funds	-	-	-	-	-
Total - Governmental Activities	<u>\$ 1,332,986</u>	<u>\$ 799,415</u>	<u>\$ 2,470,403</u>	<u>\$ -</u>	<u>\$ 4,602,804</u>
Business-Type Activities:					
Major Enterprise Fund #1	\$ -	\$ -	\$ 346,288	\$ 603,910	\$ 950,198
Nonmajor Enterprise Funds	-	-	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,288</u>	<u>\$ 603,910</u>	<u>\$ 950,198</u>

Payables at September 30, 2024, were as follows:

	Accounts	Loans, Leases and Bonds Payable Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Govts	Other	Total Payables
Governmental Activities:							
General Fund	\$ 169,989	\$ 190,181	\$ -	\$ 1,368,831	\$ -	\$ 21,458	\$ 1,750,459
Debt Service Fund	-	-	-	15,729	-	-	15,729
Major Governmental Fund #2	-	-	-	237,034	-	-	237,034
Major Governmental Fund #3	-	-	-	447,361	-	-	447,361
Nonmajor Governmental Funds	7	-	-	-	-	13,019	13,026
Custodial Funds	-	-	-	-	-	-	-
Total - Governmental Activities	<u>\$ 169,996</u>	<u>\$ 190,181</u>	<u>\$ -</u>	<u>\$ 2,068,955</u>	<u>\$ -</u>	<u>\$ 34,477</u>	<u>\$ 2,463,609</u>
Business-Type Activities:							
Major Enterprise Fund #1	\$ -	\$ 19,000	\$ 7,320	\$ 747,737	\$ -	\$ 102,865	\$ 876,922
Nonmajor Enterprise Funds	-	-	-	-	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 7,320</u>	<u>\$ 747,737</u>	<u>\$ -</u>	<u>\$ 102,865</u>	<u>\$ 876,922</u>

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the City for the year ended September 30, 2024, was as follows:

	Primary Government			Ending Balances
	Beginning Balances	Increases	Decreases	
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 322,575	\$ -	\$ -	\$ 322,575
Total Capital assets, not being depreciated	<u>322,575</u>	<u>-</u>	<u>-</u>	<u>322,575</u>
Capital Asset being depreciated:				
Buildings and improvements	835,789	-	-	835,789
Machinery, equipment and vehicles	4,071,821	606,068	(258,000)	4,935,889
Infrastructure	11,709,002	172,622	-	11,881,624
Total capital assets, being depreciated	<u>16,616,612</u>	<u>778,690</u>	<u>(258,000)</u>	<u>17,653,302</u>
Less accumulated depreciation for:				
Buildings and improvements	645,387	14,866	-	660,253
Machinery, equipment and vehicles	3,392,268	187,833	-	3,580,101
Infrastructure	2,607,303	271,438	-	2,878,741
Total accumulated depreciation	<u>6,644,958</u>	<u>474,137</u>	<u>-</u>	<u>7,119,095</u>
Total capital assets being depreciated, net	<u>9,971,654</u>	<u>304,553</u>	<u>(258,000)</u>	<u>10,534,207</u>
Governmental activities capital assets, net	<u>10,294,229</u>	<u>304,553</u>	<u>(258,000)</u>	<u>10,856,782</u>
Business-type Activities				
Capital Assets, not being depreciated				
Land	12,412	-	-	12,412
Total capital assets, not being depreciated	<u>12,412</u>	<u>-</u>	<u>-</u>	<u>12,412</u>
Capital Assets, being depreciated				
Buildings and improvements	231,970	-	-	231,970
Machinery, equipment and vehicles	344,743	55,277	-	400,020
Infrastructure	11,709,003	-	-	11,709,003
Construction in Progress	1,448,113	682,676	-	2,130,789
Total capital assets, being depreciated	<u>13,733,829</u>	<u>737,953</u>	<u>-</u>	<u>14,471,782</u>
Less accumulated depreciation for:				
Buildings and improvements	204,157	2,876	-	207,033
Machinery, equipment and vehicles	220,344	22,798	-	243,142
Infrastructure	4,795,390	190,609	-	4,985,999
Total accumulated depreciation	<u>5,219,891</u>	<u>216,283</u>	<u>-</u>	<u>5,436,174</u>
Total capital assets, being depreciated, net	<u>8,513,938</u>	<u>521,670</u>	<u>-</u>	<u>9,035,608</u>
Business-type activities capital assets, net	<u>\$ 8,526,350</u>	<u>\$ 521,670</u>	<u>\$ -</u>	<u>\$ 9,048,020</u>

Depreciation expense was charged to governmental functions as follows:

General Government	474,137
Utility Fund	216,283
Total Depreciation Expense	<u>690,420</u>

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

G. SHORT-TERM DEBT PAYABLE

[GASB 2300.107f] The City accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the State Law. The proceeds from loans are shown in the financial statements as Other Resources and principal payments are shown as Other Uses.

<u>Date of Issue/Maturity</u>	<u>Description</u>	<u>Beginning Balance</u>	<u>Amount Issued</u>	<u>Amount Redeemed</u>	<u>Ending Balance</u>
Bank Loans - Various	Equipment	147,022	-	65,150	81,872

H. BONDS AND LONG-TERM NOTES PAYABLE

[GASB 2300.106m and 2200.109 and 2300.106i] Bonded indebtedness of the City is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended September 30, 2024 is as follows:

<u>DESCRIPTION</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Interest Current Year</u>	<u>Payable Amounts Outstanding</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
Series- 2020, mat 2/15/2040	4.00%	3,560,000	167,613	3,395,000	-	85,000	3,310,000
Total Governmental Activities			167,613	3,395,000	-	85,000	3,310,000

I. COMMITMENTS UNDER OPERATING LEASES

[GASB 2300.106j and 1400.108 and L20.128-.129] Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2024, as follows:

None

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

J. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Debt service requirements for Series 2020 bonds in the governmental funds are as follows:

Year Ending September 30	General Obligations		
	Principal	Interest	Total
2025	150,000	129,400	279,400
2026	155,000	123,300	278,300
2027	165,000	116,900	281,900
2028	170,000	110,200	280,200
2029	175,000	103,300	278,300
2030-2033	780,000	338,200	1,118,200
2034-2038	1,175,000	229,500	1,404,500
2039-2040	540,000	21,800	561,800
Totals	3,310,000	1,172,600	4,482,600

Debt service requirements for bonds in the utility fund are as follows:

Year Ending September 30	General Obligations		
	Principal	Interest	Total
2025	19,000	32,725	51,725
2026	20,000	31,894	51,894
2027	21,000	31,019	52,019
2028	22,000	30,100	52,100
2029	23,000	29,138	52,138
2030-2033	102,000	106,050	208,050
2034-2038	155,000	105,394	260,394
2039-2044	237,000	76,738	313,738
2045-2047	149,000	13,430	162,430
Totals	748,000	456,488	1,204,488

Right of Use Lease

GASB 2300.107h and L20.128-.129 Describe the nature of the lease giving its purpose, legal authorization, the amount capitalized, the minimum annual payments, and the effective rate of interest. Governmental Funds Right of Use Leases.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Year Ending December 31:	
2025	-
2026	-
2027	-
2028	-
2029	-
Total Minimum Lease Payments	\$ -
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	\$ -

K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Vacation and sick leave benefits are accrued by the City of Mathis employees. The City of Mathis has recorded its obligation for unused vacation, personal and sick leave benefits as they are earned by the employees. The total amount accrued as of September 30, 2024 was \$40,027 in the various funds and \$7,320 in the proprietary fund.

L. DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plans

A. Plan Description

The City of Mathis, Texas, participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com. All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Employees covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	2022	2023
Inactive employees or beneficiaries currently receiving benefits	34	35
Inactive employees entitled to but not yet receiving benefits	114	136
Active employees	<u>52</u>	<u>54</u>
Total	<u>200</u>	<u>225</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mathis, Texas, were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mathis, Texas, were 3.75% and 3.92% in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2023 and 2024 were \$105,982 and \$102,982, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, 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 MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.6% to 11.85% including inflation
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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2014 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Mkt	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

Discount Rate

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

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	\$ 3,784,360	\$ 4,590,078	\$ (805,719)
Changes for the year:			
Service cost	309,336	-	309,336
Interest	259,540	-	259,540
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(72,429)	-	(72,429)
Changes in Assumptions	(26,472)	26,472	-
Contributions – Employer	-	106,465	(106,465)
Contributions – Employee	-	171,717	(171,717)
Net Investment Income	-	528,009	(528,009)
Benefit Payments, Including Refunds of Employee Contributions	(187,989)	(187,989)	-
Administrative Expense	-	(3,380)	3,380
Other Changes	-	24	(24)
Net Changes	\$ 281,986	\$ 614,799	\$ (332,813)
Balance at 12/31/2023	\$ 4,066,346	\$ 5,204,877	\$ (1,138,531)

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 in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability	\$(583,216)	\$(1,138,531)	\$(1,588,542)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended, the City of Mathis, Texas, recognized pension expense of \$(9,039).

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

At September 30, 2024, 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	\$0	\$34,508
Changes in actuarial assumptions	\$0	\$12,612
Difference between projected and actual investment earnings	\$128,520	\$0
Contributions subsequent to the measurement date	\$76,901	\$0
Total	\$205,421	\$47,120

\$76,901 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2024	\$(12,370)
2025	\$41,329
2026	\$96,076
2027	\$(43,635)
2028	\$0
Thereafter	\$0

Other Post-Employment Benefits (OPEB) – GASB 75

The total OPEB liability of the Texas Municipal Retirement System (the “TMRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

OPEB - Supplemental death benefits plan - Plan Description

The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by TMRS. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees. Employers 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.

Benefits Provided

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.46% and 0.46% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 31, 2023 were \$10,915 and were equal to the required contributions.

Total OPEB Liability

Actuarial assumptions. The actuarial assumptions used in the calculation of the funding valuation for the Supplemental Death Benefits Fund (SDBF) are based on the Mortality Experience Investigation Study covering 2010 through 2014, and dated December 31, 2014. These assumptions were first used in the December 31, 2017 valuation. For purposes of developing the SDBF contribution rates, no other demographic assumptions are applicable.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

I. Assumptions

- A. Mortality Rates — Same as for the Pension Trust Fund.
- B. Investment Return — A statutory interest credit of 5% is allocated annually and is not dependent on investment earnings.
- C. Actuarial Cost Method — For the purpose of calculating an employer's actuarially determined contribution rate, the one-year term cost is used.
- D. Valuation of Assets — Assets in the SDBF are valued at fund value (or fund balance); however, since the contribution rates are based just on the one-year term cost, assets are not included in developing the rate.
- E. Changes in Actuarial Assumptions and Methods — There were no changes since the prior valuation.

II. Benefit Provisions

- A. Participation in SDBF — Participation in the SDBF is optional and may be rescinded. Each municipality that chooses to participate can elect to cover just active members, or both active and retired members.
- B. Benefit Eligibility — Benefits are payable if the death occurs during the period in which a municipality has elected to participate in the SDBF. For retirees who had service with multiple TMRS employers, benefits are payable only if the municipality from which the member retired participates in the SDBF when the death occurs.
- C. Benefit Amount — 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 a fixed amount of \$7,500.

Discount rate. The discount rate used to measure the Total OPEB Liability was 1.84%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute.

<i>Changes in the OPEB Liability</i>	Total OPEB Liability (a)
Balance at 12/31/2022	\$ 143,369
Changes for the year:	
Service cost	6,623
Interest	5,806
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(4,336)
Changes in Assumptions	7,608
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(6,623)
Administrative Expense	-
Other Changes	-
Net Changes	\$ 9,078
Balance at 12/31/2023	\$ 152,447

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Sensitivity of the total OPEB liability to changes in the discount rate. The following shows the total OPEB liability calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower 3.05% or 1 percentage point higher 5.05% than the current rate.

	1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
City's net pension liability	\$178,397	\$152,447	\$132,092

OPEB plan total liability. Detailed information about the OPEB plan's Total OPEB Liability is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$6,638.

At September 30, 2024, 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	\$2,147	\$4,547
Changes in actuarial assumptions	\$9,382	\$34,731
Difference between projected and actual investment earnings	\$-0-	\$0
Contributions subsequent to the measurement date	\$8,151	\$0
Total	\$19,680	\$39,278

\$8,151 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Year ended Dec 31:	
2024	\$(10,518)
2025	\$(12,255)
2026	\$(5,268)
2027	\$292
2028	\$0
Thereafter	\$0

M. POST EMPLOYMENT HEALTH CARE BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2023	Plan Year 2022
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The city’s contribution to the TMRS SDBF for the years ended 2024, 2023 and 2022 were \$10,915, \$10,401, and \$7,664, respectively, which equaled the required contributions each year.

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

N. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended September 30, 2024, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Certificates of Obligation Bonds	\$ 3,395,000	\$ -	\$ 85,000	\$ 3,310,000	\$ 150,000
Notes	120,601	-	38,729	81,872	40,181
Equipment Note	-	-	-	-	-
Less Deferred Amount on Refunding	-	-	-	-	-
Total Bonds and Notes Payable	<u>3,515,601</u>	<u>-</u>	<u>123,729</u>	<u>3,391,872</u>	<u>190,181</u>
Other Liabilities:					
Right of Use Leases	-	-	-	-	-
Compensated Absences	208,227	-	168,200	40,027	14,009
Claims and Judgments	-	-	-	-	-
Total Other Liabilities	<u>208,227</u>	<u>-</u>	<u>168,200</u>	<u>40,027</u>	<u>14,009</u>
Total Governmental Activities Long-Term Liabilities	<u>3,723,828</u>	<u>-</u>	<u>291,929</u>	<u>3,431,899</u>	<u>204,190</u>
Business-type Activities					
Bonds and Notes Payable:					
Bonds	766,000	-	18,000	748,000	19,000
Loans	-	47,853	14,833	33,020	-
Less Deferred Amounts	-	-	-	-	-
Total Bonds and Note Payable	<u>766,000</u>	<u>47,853</u>	<u>32,833</u>	<u>781,020</u>	<u>19,000</u>
Other Liabilities					
Compensated Absences	26,668	-	19,348	7,320	1,464
Capital Leases	-	-	-	-	-
Total Other Liabilities	<u>26,668</u>	<u>-</u>	<u>19,348</u>	<u>7,320</u>	<u>1,464</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 792,668</u>	<u>\$ 47,853</u>	<u>\$ 52,181</u>	<u>\$ 788,340</u>	<u>\$ 20,464</u>

O. UNAVAILABLE REVENUE

Unavailable revenue at year end consisted of the following:

	General Fund	Business Type Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 775,041	\$ -	\$ 264,689	\$ 1,039,730
Other	-	-	-	-
Total Unavailable Revenue	<u>\$ 775,041</u>	<u>\$ -</u>	<u>\$ 264,689</u>	<u>\$ 1,039,730</u>

CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

P. DUE FROM STATE AGENCIES

The City participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal and state governments as of September 30, 2024, are summarized below.

Fund	State Entitlements	Federal Grants	Total
General	\$ 393,009	\$ 406,406	\$ 799,415
Special Revenue		-	-
Total	<u>\$ 393,009</u>	<u>\$ 406,406</u>	<u>\$ 799,415</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 1,495,546	\$ 85,666	\$ 336,924	\$ -	\$ 1,918,136
Penalties, Interest and Other	83,596		-		\$ 83,596
Tax Related Income	-	-	-	-	-
Investment Income	3,222	1,629	154	3,174	8,179
Sales Tax/Franchise	1,299,341	-	-	-	1,299,341
Charges for Services	586,740	-	-	-	586,740
Other	1,234,336	824,057	-	-	2,058,393
Total	<u>\$ 4,702,781</u>	<u>\$ 911,352</u>	<u>\$ 337,078</u>	<u>\$ 3,174</u>	<u>\$ 5,954,385</u>

R. RELATED ORGANIZATIONS

The City of Mathis (the "Corporation"), a not-for-profit entity which was organized to provide additional street and water improvements from a self-imposed sales tax from a city wide referendum. The City Council appoints the member board of directors on a periodic basis and is a "related organization" of the City as defined by *Governmental Accounting Standards Board Statement No. 14*.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

S. FUND EQUITY - GASB 54 NOTE

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City of Council. Those committed 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 (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or state statute.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**CITY OF MATHIS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

City Fund Balance Policy

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong. The City is working on rebuilding its fund balance.

Fund Balance - GASB 54 Compliance

By a majority vote in a scheduled meeting of the City Council, the Council may commit fund balances and it may modify or rescind these commitments. The City Council may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

<u>Fund Balance Classification</u>	Amount
Restricted	
Federal/State Grants	\$ 651,800
Capital Projects	(15,436)
Retirement of Long Term Debt	415,761
Assigned Fund Balances	
Undesignated/Unassigned	-
Unassigned Fund Balance	<u>1,802,248</u>
Total Fund Balances	<u>\$ 2,854,373</u>

T. PRIOR PERIOD ADJUSTMENTS

Adjustments were made for accruals not recorded in the grants.

U. SUBSEQUENT EVENTS

The City of Mathis, Texas, has no reportable litigation pending that is not covered by insurance and therefore, no liability is reflected in the financial statements for the September 30, 2024 fiscal year as necessary. The Council has evaluated subsequent events through October 31, 2025, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF MATHIS, TEXAS
REQUIRED SUPPLEMENTARY DISCLOSURE
AS OF SEPTEMBER 30, 2024**

BUDGETARY DATA

Annual budgets are legally adopted by council. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. Budgeted amounts reported in the 2023-2024 financial statements present the original and final amended budget approved by the Council. All unencumbered budget appropriations except project budgets, lapse at the end of each fiscal year. The following procedures are used by the City in establishing the budgetary date reflected in the financial statements:

1. Prior to first meeting in September, the City Manager is required to submit a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Advertised public hearings are conducted.
3. The budget is required to be approved by October 1st.
4. The applicable rates are approved after the budget has been approved.
5. The budget may be amended as considered necessary. The budget and rates are enacted through the passage of ordinances.

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CITY OF MATHIS
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Fiscal Year Ended September 30,		
	2024	2023	2022
Actuarially determined contribution	\$ 102,981	\$ 105,985	\$ 103,915
Contributions in relation to actuarially determined contribution	<u>(102,981)</u>	<u>(105,985)</u>	<u>(103,915)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,372,850	\$ 2,439,988	\$ 2,324,554
Contributions as a percentage of covered payroll	4.34%	4.34%	4.47%

2021	2020	2019	2018	2017	2016
\$ 106,837	\$ 96,815	\$ 94,839	\$ 96,222	\$ 84,569	\$ 674,334
<u>(106,837)</u>	<u>(96,815)</u>	<u>(94,839)</u>	<u>(96,222)</u>	<u>(84,569)</u>	<u>(674,334)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,136,064	\$ 2,126,767	\$ 2,097,657	\$ 2,147,604	\$ 2,051,357	\$ 2,010,739
5.00%	4.55%	4.52%	4.48%	4.12%	33.54%

CITY OF MATHIS
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on 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(1) 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: There were no benefit changes during the year.

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CITY OF MATHIS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 6,623	\$ 11,500	\$ 10,669
Interest (on the total OPEB liability)	5,806	3,652	3,581
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(4,336)	1,382	4,303
Change of assumptions	7,608	(63,315)	5,787
Benefit payments, including refunds of employee contributions	(6,623)	(5,163)	(5,439)
Net Change in Total OPEB Liability	9,078	(51,944)	18,901
Total OPEB Liability - Beginning	143,369	195,913	176,412
Total OPEB Liability - Ending	<u>\$ 152,447</u>	<u>\$ 143,969</u>	<u>\$ 195,313</u>
Covered Payroll	\$ 2,453,104	\$ 2,347,026	\$ 2,091,976
Total OPEB Liability as a Percentage of Covered Payroll	6.21%	6.11%	10.24%

Plan Year Ended December 31,

2020	2019	2018	2017
\$ 8,335	\$ 5,510	\$ 7,517	\$ 6,718
4,477	4,793	4,428	4,308
-	-	-	-
(16,203)	(1,570)	(6,352)	-
22,127	25,071	(8,026)	9,444
(1,923)	(1,272)	(1,044)	(1,050)
16,813	32,532	(3,477)	19,420
159,599	127,067	130,544	111,124
<u>\$ 176,412</u>	<u>\$ 159,599</u>	<u>\$ 127,067</u>	<u>\$ 130,544</u>
\$ 4,813,644	\$ 2,119,261	\$ 2,088,144	\$ 2,099,331
5.77%	7.53%	6.09%	6.22%

CITY OF MATHIS
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	3.77%
Retirement Age	N/A
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information: There were no benefit changes during the year.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES AS SUPPLEMENTARY
INFORMATION – COMPARATIVE BALANCE SHEET – GENERAL FUND AND DEBT SERVICE
FUND

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**CITY OF MATHIS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2024 AND 2023**

EXHIBIT H-1

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Texpool Accounts	729,644	310,636
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	539,792	135,858
Miscellaneous	-	-
Inventory	-	-
Due From Other Governmental Agencies		
Sales Taxes	11,038	10,706
Other Governmental	381,971	258,936
Ad Valorem Taxes	993,642	846,427
Allowance for Uncollectible Taxes	(218,601)	(194,608)
Due from Other Funds	1,700,080	401,455
Prepaid Items	-	-
	<u>4,137,567</u>	<u>1,769,409</u>
TOTAL ASSETS		
LIABILITIES AND FUND BALANCE		
Accounts Payable	169,989	51,352
Other Payables	21,458	11,564
Due to Other Funds	1,368,831	4,384
Other Accruals	-	-
TOTAL LIABILITIES	<u>1,560,279</u>	<u>67,299</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Tax Revenue	775,041	651,819
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>775,041</u>	<u>651,819</u>
FUND BALANCE		
Reserve for Inventory	-	-
Reserve for Compensated Balances	-	-
Unreserved		
Undesignated	1,802,248	1,050,291
TOTAL FUND BALANCE	<u>1,802,248</u>	<u>1,050,291</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>4,137,567</u>	<u>1,769,409</u>

**CITY OF MATHIS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE ACTUAL AMOUNT FOR 2023**

**EXHIBIT H-2
Page 1 of 2**

	<u>2024</u>		<u>2023</u>		
	BUDGETED AMOUNTS		Actual	Budget Variance	Actual
	Original	Final			
REVENUES					
Taxes					
Ad valorem- Current	1,464,014	1,464,014	1,368,744	(95,270)	1,112,687
Ad valorem- Delinquent	79,785	79,785	126,802	47,017	89,185
Ad valorem- Penalty & Int.	48,395	48,395	83,596	35,201	67,775
Attest Fees	-	-	-	-	-
City Sales	1,024,036	1,024,036	1,065,300	41,264	1,036,252
Street Maintenance Sales Tax	39,732	39,732	42,731	2,999	39,286
EDC Monthly Expense Fee	-	-	-	-	-
Franchise	166,591	166,591	191,310	24,719	194,343
Other	-	-	-	-	-
Total Taxes	2,822,553	2,822,553	2,878,484	55,931	2,539,528
Licenses and Permits					
Animal Licenses	123	123	370	247	320
Business Licenses	599	599	5,158	4,559	5,073
Building Permits	33,035	33,035	11,121	(21,914)	22,942
Electrical Permits	5,090	5,090	6,572	1,482	3,411
Plumbing Permits	2,034	2,034	2,584	550	3,771
Other Permits	4,467	4,467	1,939	(2,528)	2,658
Mechanical Permits	1,509	1,509	1,875	366	2,632
Total Licenses and Permits	46,857	46,857	29,618	(17,239)	40,805
Intergovernmental	36,000	36,000	13,556	(22,444)	16,833
Total Intergovernmental	36,000	36,000	13,556	(22,444)	16,833

CITY OF MATHIS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE ACTUAL AMOUNT FOR 2023

	2024		2023		
	BUDGETED AMOUNTS			Budget	
	Original	Final	Actual	Variance	Actual
REVENUES					
Charges for Services					
Rural Fire Calls	38,063	38,063	55,976	17,913	53,800
Jury Reimbursement Fees	-	-	-	-	-
Weed Control Charges	-	-	-	-	-
Rec Machine Tax	-	-	-	-	-
Mixed Beverage Tax	3,866	3,866	6,036	2,170	5,462
Child Safety Fee	-	-	6,185	6,185	6,605
Refuse Services	481,594	481,594	518,543	36,949	511,337
Tax Certificate	-	-	-	-	-
Other Revenue	-	-	-	-	-
Subtotal	523,523	523,523	586,740	63,217	577,204
Other Revenues					
Other/Municipal Court Fines	22,177	22,177	33,096	10,919	31,457
Interest	1,024	1,024	3,222	2,198	1,945
EMS Billings/Contributions	351,989	351,989	588,299	236,310	436,816
Attorney Fees	-	-	-	-	-
Animal Control Fees	1,312	1,312	10	(1,302)	139
Cash Over/Short	-	-	-	-	-
Court Fees	9,887	9,887	3,002	(6,885)	3,740
Sale of Assets	-	-	-	-	-
Miscellaneous - Arpa - Slfrf	37,064	37,064	481,453	444,389	254,729
Other Fees	-	-	448	448	-
Copy & Map Sales	-	-	-	-	-
Insurance Refund	-	-	960	960	14,047
Debt Share from Other Funds	-	-	-	-	-
Juvenile Case Manager	-	-	-	-	-
County EMS Subsidy	60,000	60,000	57,474	(2,526)	63,090
LEOSE	-	-	-	-	-
State Revenues	20,157	20,157	26,419	6,262	28,314
City Property/Bldg Rental/Land	-	-	-	-	-
Subtotal	503,610	503,610	1,194,383	690,773	834,277
Total Revenues	3,932,543	3,932,543	4,702,781	770,238	4,008,648
OTHER SOURCES- Operating Transfers					
Capital - related Debt Issued	-	-	-	-	-
Transfers In	259,013	259,013	55,061	(203,952)	-
Total Operating Transfers	259,013	259,013	55,061	(203,952)	-
TOTAL REVENUES AND OTHER SOURCES	4,191,556	4,191,556	4,757,842	566,286	4,008,648

**CITY OF MATHIS, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE ACTUAL AMOUNT FOR 2023**

	2024			
	BUDGETED AMOUNTS		Personnel	Supplies &
	Original	Final	Costs	Services
Current Expenditures				
General Administration				
Municipal Court	115,808	115,808	39,008	73,130
Administration	800,585	800,585	550,771	335,465
Total General Administration	916,393	916,393	589,779	408,595
Public Safety				
Police	1,201,205	1,201,205	804,390	257,779
Fire	80,323	162,323	4,988	42,914
Emergency Medical Services	835,405	753,405	454,079	271,031
Animal Control	65,737	65,737	50,113	25,821
Code Enforcement	57,858	55,758	19,477	5,075
Total Public Safety	2,240,528	2,238,428	1,333,048	602,620
Public Works				
Streets Department	952,298	952,298	247,499	201,380
Total Public Works	952,298	952,298	247,499	201,380
Sanitation				
Sanitation	-	-	-	479,943
Total Sanitation	-	-	-	479,943
Culture and Recreation				
Library	-	-	-	-
Parks	150,303	150,303	84,167	30,163
Total Parks and Recreation	150,303	150,303	84,167	30,163
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Debt Service	-	-	-	-
Total Current Expenditures	4,259,522	4,257,422	2,254,493	1,722,701
Transfer Out	-	-	-	-
Prior Period Adjustment				

EXHIBIT H-3

			2024	2023
Debt Service	Capital Outlay/Transfers	Total Actual	Final Budget Variance	Actual
-	-	112,138	3,670	53,149
-	-	886,236	(85,651)	450,490
-	-	998,374	(81,981)	503,639
-	-	1,062,169	139,036	742,522
-	3,985	51,887	110,436	38,953
-	-	725,110	28,295	560,088
-	-	75,934	(10,197)	44,671
-	-	24,552	31,206	18,007
-	3,985	1,939,653	298,775	1,404,242
-	-	448,879	503,419	326,814
-	-	448,879	503,419	326,814
-	-	479,943	(479,943)	351,062
-	-	479,943	(479,943)	351,062
-	-	-	-	-
-	24,706	139,037	11,266	87,759
-	24,706	139,037	11,266	87,759
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,691	4,005,885	251,537	2,673,516
-	-	-	-	82,820

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**CITY OF MATHIS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2024 AND 2023**

Exhibit H-4

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	47,386	57,403
Receivables and Allowances		
Ad Valorem Taxes	339,344	270,685
Allowance for Uncollectible Taxes	(74,656)	(62,235)
Due from Other Funds	<u>384,104</u>	<u>380,104</u>
TOTAL ASSETS	<u><u>696,179</u></u>	<u><u>645,958</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	-
Due to Others	15,729	-
Due to Other Funds	-	-
Deferred Tax Revenue	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>15,729</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Tax Revenues	<u>264,689</u>	<u>208,450</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>264,689</u></u>	<u><u>208,450</u></u>
FUND BALANCE		
Reserve for Debt Service	<u>415,761</u>	<u>437,508</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>680,450</u></u>	<u><u>645,958</u></u>

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2024

	2024		Final		2023
	BUDGETED AMOUNTS		Actual	Budget Variance	Actual
	Original	Final			
REVENUES					
Ad valorem Taxes	432,842	432,842	313,385	(119,457)	392,744
Ad valorem- Penalty & Interest	19,562	19,562	23,539	3,977	26,740
Total Ad valorem Taxes	452,404	452,404	336,924	(115,480)	419,484
CO 2003 MEDC Split	-	-	-	-	-
In Lieu Taxes	-	-	-	-	-
Interest	-	-	154	154	214
Total Revenues	452,404	452,404	337,078	(115,326)	419,699
EXPENDITURES					
Other Services and Charges	-	-	13,498	(13,498)	-
Debt Service					
Principal Retirement	285,000	285,000	171,454	113,546	307,070
Interest and Fiscal Charges	185,000	185,000	208,959	(23,959)	200,243
Total Expenditures	470,000	470,000	393,910	76,090	507,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,596)	(17,596)	(56,832)	(39,236)	(87,614)
OTHER FINANCING SOURCES (USES)					
Other Financing - Bonds	-	-	-	-	-
Other Sources- Transfers (Out)	-	-	-	-	-
Other Sources- Transfers In	100,000	100,000	35,086	(64,914)	116,356
Total Other Financing Sources (Uses)	100,000	100,000	35,086	(64,914)	116,356
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	82,404	82,404	(21,746)	(104,150)	28,742
FUND BALANCE, beginning of year	437,508	437,508	437,508	-	262,834
Prior Period Adjustment	-	-	-	-	145,931
FUND BALANCE -RESTATEd	437,508	437,508	437,508	-	408,766
FUND BALANCE, end of year	519,912	519,912	415,761	-	437,508

SCHEDULES – NON-MAJOR GOVERNMENTAL FUNDS

**CITY OF MATHIS, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR 2023**

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Street Improvements Fund</u>
ASSETS			
Cash and Cash Equivalents	1,775	-	103,725
Receivables	-	-	25,059
Due from Other Governments	-	-	-
Due from Other Funds	<u>7,340</u>	<u>7,170</u>	<u>371,709</u>
TOTAL ASSETS	<u>9,115</u>	<u>7,170</u>	<u>500,492</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	-	-	-
Due to Others	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Committed for Special Revenue	-	-	-
Assigned for Special Revenue	9,115	7,170	500,492
Restricted for Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>9,115</u>	<u>7,170</u>	<u>500,492</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>9,115</u></u>	<u><u>7,170</u></u>	<u><u>500,492</u></u>

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EXHIBIT H-6

Various Grant Funds	Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Total Governmental Funds	Total Nonmajor
				2024	2023
272,480	44,512	86,771	-	509,262	949,035
-	-	-	-	25,059	19,301
211,726	-	-	-	211,726	1,236,775
-	-	-	-	386,219	436,343
484,206	44,512	86,771	-	1,132,266	2,641,453
-	-	6	-	6	594,599
13,019	-	-	-	13,019	523,621
447,361	-	-	-	447,361	869,359
20,080	-	-	-	20,080	45,764
480,459	-	6	-	480,466	2,033,343
-	-	-	-	-	-
3,746	44,512	86,765	-	651,800	608,111
-	-	-	-	-	-
3,746	44,512	86,765	-	651,800	608,111
484,206	44,512	86,771	-	1,132,266	2,641,453

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**CITY OF MATHIS, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR 2023**

	Court Technology Fund	Court Security Fund	Street Improvements Fund
REVENUE			
Taxes	-	-	-
Intergovernmental	-	796	87,750
Interest	92	-	1,023
Other	1,003	-	-
TOTAL REVENUES	1,095	796	88,773
EXPENDITURES			
Current			
Personnel Costs	-	-	-
Supplies	-	-	82
Other Services and Charges	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	-	-	82
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,095	796	88,691
OTHER FINANCE SOURCES (USES)			
OTHER FINANCING - Bonds	-	-	-
Transfer In from Other Funds	-	-	15
Transfer (Out) to Other Funds	-	-	(19,860)
TOTAL OTHER FINANCE SOURCES(USES)	-	-	(19,845)
EXCESS (DEFICIENCY) OF REV. AND OTHER SOURCES OVER EXPENDITURES & OTHER USES	1,095	796	68,846
FUND BALANCE, beginning of year	8,020	6,373	431,646
Remitted to Grantor	-	-	-
Prior Period Adjustment	-	-	-
FUND BALANCE, end of year	9,115	7,170	500,492

EXHIBIT H-7

Various Grant Funds	Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Nonmajor Governmental Funds	
				2024	2023
-	-	85,666	-	85,666	84,252
518,161	-	-	-	606,708	1,643,736
-	-	515	-	1,629	1,221
216,345	-	-	-	217,349	1,207
734,506	-	86,181	-	911,352	1,730,416
13,556	-	-	-	13,556	1,171,870
21,858	-	-	-	21,940	2,964
-	-	51,581	-	51,581	378,044
23,416	-	-	-	23,416	43,048
58,830	-	51,581	-	110,493	1,595,926
675,676	-	34,600	-	800,859	134,489
-	-	-	-	-	-
-	-	3,832	-	3,847	40,815
(682,676)	-	(58,480)	-	(761,016)	(74,351)
(682,676)	-	(54,648)	-	(757,169)	(33,536)
(7,000)	-	(20,048)	-	43,689	100,953
10,746	44,512	106,813	-	608,111	433,759
-	-	-	-	-	-
-	-	-	-	-	73,398.00
3,746	44,512	86,765	-	651,800	608,111

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ENTERPRISE FUNDS

**CITY OF MATHIS, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2024 AND 2023**

EXHIBIT I-1
Page 1 of 2

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	286,790	58,678
Receivables and Allowances Accounts		
Water and Wastewater Billings	603,910	445,596
Assessments	-	-
Other	-	-
Allowance for Uncollectible Accounts	-	-
Due from Other Funds	346,288	428,541
Bond Issue Cost (Net)	-	-
Prepaid Items	-	-
Inventory	-	-
Total Current Assets	<u>1,236,988</u>	<u>932,815</u>
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents		
Meter Deposit Funds	22,382	21,222
Revenue Bond Reserve	51	1
Sinking Fund- Bonds	-	-
Total Restricted Assets	<u>22,432</u>	<u>21,223</u>
Net Pension Asset (liability)	122,425	86,638
Capital Assets:		
Land	12,412	12,412
Construction in Progress	2,130,789	1,448,112.67
Buildings	231,970	231,970
Water System	8,090,839	8,090,839
Sewer System	3,618,162	3,618,162
Infrastructure	-	-
Vehicles	-	-
Furniture and Equipment	400,020	344,743
Total Capital Assets	14,484,192	13,746,239
Less Accumulated Depreciation	<u>(5,541,012)</u>	<u>(5,289,986)</u>
Net Capital Assets	<u>8,943,180</u>	<u>8,456,253</u>
TOTAL ASSETS	<u>10,325,025</u>	<u>9,496,930</u>
Deferred Resource Outflows 68	-	16,715
Deferred Resource Outflows 75	4,636	5,318

**CITY OF MATHIS, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2024 AND 2023**

EXHIBIT I-1
Page 2 of 2

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	-	-
Accrued Liabilities	-	-
Compensated Absences	7,320	26,668
Due to Other Funds	747,737	710,710
Capital Leases Payable	-	-
Current Portion of Revenue Bonds Payable	19,000	18,000
Customer Meter Deposits	<u>102,865</u>	<u>105,558</u>
Total Current Liabilities	<u>876,921</u>	<u>860,936</u>
Long-Term Liabilities		
Net Pension Liability	8,388	7,412
Capital Leases Payable	-	-
Revenue Bonds Payable	<u>729,000</u>	<u>748,000</u>
Total Long-Term Liabilities	<u>737,388</u>	<u>755,412</u>
Total Liabilities	<u>1,614,309</u>	<u>1,616,348</u>
Deferred Resource Inflows 68	35,285	5,610
Deferred Resource Inflows 75	18,951	11,925
NET POSITION		
Invested in Capital Assets	8,217,612	7,711,476
Restricted for:		
Revenue Bond Retirement/Other	-	0
Unrestricted	<u>443,503</u>	<u>173,603</u>
Net Position	<u><u>8,661,116</u></u>	<u><u>7,885,080</u></u>

**CITY OF MATHIS, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
UTILITY FUND
YEAR ENDED SEPTEMBER 30, 2024 AND 2023**

EXHIBIT I-2

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Charges for Services		
Water Sales	1,115,113	1,059,823
Sewer Sales	644,391	588,915
Meter tap/reconnect fees	1,636	24,036
Other Fees and Charges	<u>138,803</u>	<u>16,301</u>
Total Operating Revenues	<u>1,899,943</u>	<u>1,689,075</u>
OPERATING EXPENSES		
Personnel Costs	625,927	684,023
Contracted Services	1,463	29,286
Supplies	7,445	10,882
Maintenance	126,860	227,687
Other Operating Expenses	493,271	437,615
Water Purchased	274,540	201,926
Depreciation	229,936	197,320
Amortization	-	-
Total Operating Expenses	<u>1,759,441</u>	<u>1,788,739</u>
Net Operating Income	<u>140,502</u>	<u>(99,664)</u>
NON-OPERATING REVENUES (EXPENSES)		
Refunding Bonds Issued	-	-
Payments to Escrow Agents	-	-
Grant Income	-	1,288,422
Interest Income	2,025	1,545
Interest and Fiscal Charges	<u>(33,513)</u>	<u>(34,256)</u>
Net Non-Operating Revenues (Expenses)	<u>(31,488)</u>	<u>1,255,710</u>
Income Before Transfers	<u>109,014</u>	<u>1,156,047</u>
Transfers in	730,676	-
Transfers out	<u>(63,654)</u>	<u>-</u>
Change in Net Position	<u>776,036</u>	<u>1,156,047</u>
Prior Period Adjustment	-	153,582
NET POSITION BEGINNING OF YEAR	<u>7,885,080</u>	<u>6,575,451</u>
NET POSITION END OF YEAR	<u><u>8,661,116</u></u>	<u><u>7,885,080</u></u>

CITY OF MATHIS, TEXAS
UTILITY FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND
YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT I-3

	Utility-Water Fund 80	Utility-Wastewater Fund	Customer Service 90	Meter Deposit	Total
OPERATING REVENUES					
Charges for Services					
Water Sales	1,113,463	-	-	-	1,113,463
Sewer Sales	640,566	-	-	-	640,566
Meter Tap/Reconnect Fees/Mtr Deposits	1,636	-	-	-	1,636
Water Taps	1,650	-	-	-	1,650
Sewer Taps	3,825	-	-	-	3,825
Total Charges for Services	<u>1,761,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,761,140</u>
Other Fees and Charges					
Delinquent Account Penalties	7,537	-	-	-	7,537
Reimbursement	-	-	-	-	-
Other	131,266	-	-	-	131,266
Total Other Fees and Charges	<u>138,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,803</u>
Total Operating Revenues	<u>1,899,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,943</u>
OPERATING EXPENSES					
Personnel Costs - Water	440,415	-	-	-	440,415
Personnel Costs- Waste Water	185,512	-	-	-	185,512
Contracted Services	1,463	-	-	-	1,463
Supplies	7,445	-	-	-	7,445
Maintenance	126,860	-	-	-	126,860
Other Operating Expenses - Water	360,124	-	-	-	360,124
Other Operating Expenses- Waste Water	133,147	-	-	-	133,147
SUBTOTAL	<u>1,254,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,965</u>
Water Purchased	274,540	-	-	-	274,540
Depreciation	229,936	-	-	-	229,936
Amortization	-	-	-	-	-
Total Operating Expenses	<u>1,759,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,759,441</u>
NET OPERATING INCOME	<u>140,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,502</u>
NON-OPERATING REVENUES (EXPENSES)					
Refunding Bonds Issued	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-
Grant Income	-	-	-	-	-
Interest Income	2,025	-	-	-	2,025
Interest and Fiscal Charges	(33,513)	-	-	-	(33,513)
Net Non-Operating Revenues (Expenses)	<u>(31,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,488)</u>
Income Before Transfers	109,014	-	-	-	109,014
Transfers in	730,676	-	-	-	730,676
Transfers (out)	<u>(63,654)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,654)</u>
Change in Net Position	<u>776,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,036</u>
Prior Period Adjustment	-	-	-	-	-
NET POSITION BEG. OF YEAR	<u>7,885,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,885,080</u>
NET POSITION END OF YEAR	<u>8,661,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,661,116</u>

**CITY OF MATHIS, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
YEAR ENDED SEPTEMBER 30, 2024 AND 2023**

EXHIBIT I-4

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Cash received from customers	1,823,883	1,204,644
Cash payments to suppliers for goods and services	(869,246)	(553,597)
Cash payments to employees for services	(645,275)	(692,645)
Net cash provided by operating activities	<u>309,363</u>	<u>(41,598)</u>
Cash flows from noncapital financing activities:		
Net transfers to funds	667,022	-
Net Cash flows from non-capital financing activities	<u>667,022</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Net Refunds bonds/costs	-	-
Grant Proceeds	-	1,288,422
Principal Payment on bonds	(18,000)	(17,000)
Interest and Fiscal Charges Paid	(33,513)	(34,256)
Purchase of Fixed Assets/Bond Costs	(737,953)	(1,503,313)
Other adjustments	40,377	339,653
Net Cash Used for Capital and Related Financing Activities	<u>(749,089)</u>	<u>73,506</u>
Cash Flows from Investing Activities- Interest Income	<u>2,025</u>	<u>1,545</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,321	33,453
Cash and Cash Equivalents at Beginning of Year	<u>79,901</u>	<u>46,448</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>309,223</u></u>	<u><u>79,901</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	140,502	(99,664)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	229,936	197,320
Amortization	-	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(158,314)	-
(Increase) Decrease in Due from Other Funds	82,254	-
(Increase) Decrease in Due from Other Governments	-	-
(Increase) Decrease in Prepaid Items	-	-
(Increase) Decrease in Inventory	-	-
Increase (Decrease) in Accounts Payable	-	-
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Due to Other Funds	37,027	-
Increase (Decrease) in Capital Leases Payable	-	-
Increase (Decrease) in Compensated Absences	(19,348)	-
Increase (Decrease) in Customer Deposits	(2,694)	-
Net Cash Provided by Operating Activities	<u><u>309,363</u></u>	<u><u>97,656</u></u>

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

COMPLIANCE SECTION

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing
Standards (for a Governmental Entity)***

To the Honorable
Mayor and Members of City Council
City of Mathis, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mathis, Texas, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mathis, Texas, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mathis, Texas, internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and, 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-003.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mathis, Texas, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-002.

City of Mathis Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Mathis, Texas' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Mathis, Texas' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernest R. Garza and Company, P.C. CPA's
Corpus Christi, Texas

October 31, 2025



CITY OF MATHIS, TEXAS
Schedule of Prior Audit Findings
For The Year Ended September 30, 2024

Finding No. 2023-001.

Criteria: The City should provide monthly financial statements to management and the City Council in order for management to monitor and meet budget and compliance goals.

Condition: The City did not have timely financial statements during the fiscal year.

Cause: The City did not maintain timely financial statements during the year, we note the City had new personnel.

Effect: The City lacked accurate financials to make necessary compliance, financial and budget amendments as necessary.

Recommendation: The City should contract with experienced personnel to ensure timely financials are maintained.

Views and planned corrective actions of responsible officials: The City has enhanced its procedures and staff is in the implementation of the new software Incode. This should alleviate the interfund issues.

Finding No. 2023-002

Federal Program Identification: N/a

Condition: The City's did not properly code its grants separately by fund.

Criteria: The City should code each grant fund separately in order to properly account for each grant.

Cause: The City did not code funds separately by fund or did not code with separate accounts to different the grants.

Questioned Costs: None noted.

Recommendation: The City staff need to account each grant by fund or have sufficient coding to deferent the applicable grants. Enhancements have been made during the fiscal year.

Views and planned corrective actions of responsible officials: The City has enhanced its procedures and staff is in the implementation of the new software Incode.

CITY OF MATHIS, TEXAS
Schedule of Prior Audit Findings
For The Year Ended September 30, 2024

Finding No. 2023-003

Federal Program Identification: N/a

Condition: The City's has borrowed funds from the Debt Service Fund. This is a compliance issue.

Criteria: The City should use debt service funds for only debt service expenditures and not be utilized for other purposes.

Cause: The City has borrowed from the Debt Service funds for other purposes.

Questioned Costs: None noted.

Recommendation: The City needs to reimburse the Debt Service funds for borrowed funds and utilize Debt Service Funds for Debt Service purposes.

Finding No. 2023-004

Federal Program Identification: N/a

Condition: The City's fixed assets were not being reconciled and updated.

Criteria: The City should monitor and update its fixed assets on a timely basis.

Cause: The City did not reconcile its fixed assets on a regular and timely basis.

Questioned Costs: None noted.

Recommendation: The City staff has made substantial improvements regarding the fixed assets reconciliations.

CITY OF MATHIS, TEXAS
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

I. Summary of the Auditor's Results:

Financial statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	<u> X </u> Yes	<u> </u> No
Significant Deficiencies identified not considered being material weaknesses?	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
State Awards		

An unmodified opinion was issued regarding compliance and internal controls.

II. Findings relating to the Financial Statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Finding No. 2024-001.

Criteria: The City should provide monthly financial statements to management and the City Council in order for management to monitor and meet budget and compliance goals.

Condition: The City did not have timely financial statements during the fiscal year.

Cause: The City did not maintain timely financial statements during the year, we note the City had new personnel.

Effect: The City lacked accurate financials to make necessary compliance, financial and budget amendments as necessary.

Recommendation: The City should contract with experienced personnel to ensure timely financials are maintained.

Views and planned corrective actions of responsible officials: The City has enhanced its procedures and staff is in the implementation of the new software Incode. This should alleviate the interfund issues.

Finding No. 2024-002

Federal Program Identification: N/a

Condition: The City's has borrowed funds from the Debt Service Fund. This is a compliance issue.

Criteria: The City should use debt service funds for only debt service expenditures and not be utilized for other purposes.

Cause: The City has borrowed from the Debt Service funds for other purposes.

Questioned Costs: None noted.

Recommendation: The City needs to reimburse the Debt Service funds for borrowed funds and utilize Debt Service Funds for Debt Service purposes.

Status: Finding still relevant.

Finding No. 2024-003

Federal Program Identification: N/a

Condition: The City's fixed assets were not being reconciled and updated.

Criteria: The City should monitor and update its fixed assets on a timely basis.

Cause: The City did not reconcile its fixed assets on a regular and timely basis.

Questioned Costs: None noted.

Recommendation: The City staff has made substantial improvements regarding the fixed assets reconciliations.

CITY OF MATHIS, TEXAS
Corrective Action Plan
For The Year Ended September 30, 2024

Corrective Action Plan – 2024-001. The City continues its internal enhancements and staff is implementing new software that will update and obtain timely financials. Contact – City Manager, 361-547-3343.

Corrective Action Plan – 2024-002. The City will work on reimbursing the Debt Service Fund. Contact – City Manager, 361-547-3343.

Corrective Action Plan – 2024-003. The City office will continue to work and monitor its fixed assets with City staff and the various departments to work on updating the City's fixed assets. Contact – City Manager, 361-547-3343.

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