

**CITY OF MATHIS, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**CITY OF MATHIS, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
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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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mathis, Texas as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 February 13, 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  
February 13, 2025

A handwritten signature in black ink, appearing to read "Ernest R. Garza", is written over a faint, illegible typed name. The signature is fluid and cursive.

**CITY OF MATHIS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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, 2023. 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 \$2,673,516 and transfers out of \$82,820 that were \$1,335,132 less than the \$4,008,648 generated in tax and transfers in of \$0 for a net of \$1,252,312 for governmental programs, (Exhibit C-3). This compares to last year (2022) when expenditures \$7,151,687 were \$1,756,441 more than revenues \$5,395,246, other revenues-capital bonds of \$0 and premium of \$0 and transfers of \$166,412 for a net \$(1,590,029).
- In the City's business-type activities, operational revenues increased from \$1,531,538 in 2022 to \$1,689,075 and expenses increased from \$1,647,554 to \$1,788,739 for a net operating (loss) of \$(99,664) (compared to \$(116,016) in 2022 where expenses exceeded revenue). After transfer out of \$(0) in 2023 compared to transfers out of \$(166,412) in 2022. Grant Revenue was also recognized in the utility fund for \$1,288,422. So an increase in revenue, increase in pension liability, deferred resources outflows and inflows of \$1,156,074 and a prior period adjustment of \$153,582 resulted in a net increase in the net position resulted in a net change of \$1,309,629.
- The General Fund ended the year with a fund balance of \$1,050,291 up from 2022 of \$(202,021).

**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 \$13,214,932 to \$17,808,093. 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 \$2,839,985 at September 30, 2023. 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	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	5,056,171	5,612,462	1,019,454	762,491	6,075,625	6,374,953
Restricted Assets	-	-	21,223	20,283	21,223	20,283
Capital Assets	10,294,230	7,866,797	8,456,253	7,183,326	18,750,483	15,050,123
Total Assets:	15,350,401	13,479,259	9,496,930	7,966,100	24,847,331	21,445,359
Def. Resource Outflows 68	385,001	59,182	16,715	19,727	401,716	78,909
Def. Resource Outflows 75	20,702	35,720	5,318	11,907	26,020	47,627
Long-Term Liabilities	4,172,920	4,291,759	748,000	766,000	4,920,920	5,057,759
Restricted Liabilities	-	-	105,558	53,544	105,558	53,544
Other Liabilities	1,600,769	2,379,006	762,790	514,770	2,363,559	2,893,776
Total Liabilities	5,773,689	6,670,765	1,616,348	1,334,314	7,390,037	8,005,079
Def. Resource Inflows 68	10,698	248,009	11,925	82,670	22,623	330,679
Def. Resource Inflows 75	48,704	15,905	5,610	5,302	54,314	21,207
Invested in Capital Assets	5,883,397	3,339,732	7,711,477	6,420,610	13,594,874	9,760,342
Restricted	1,199,631	2,220,744	-	-	1,199,631	2,220,744
Unrestricted	2,839,985	1,079,005	173,603	154,841	3,013,588	1,233,846
Total Net Position	9,923,013	6,639,481	7,885,080	6,575,451	17,808,093	13,214,932

**Table II**  
**CITY OF MATHIS, TEXAS**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,014,020	\$ 1,050,436	\$ 1,689,075	\$ 1,531,538	\$ 2,703,095	\$ 2,581,974
Operating Grants/Contributions	2,560,569	1,247,424	1,255,711	-	3,816,280	1,247,424
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Maintenance /Operations Taxes	2,549,401	2,035,490	-	-	2,549,401	2,035,490
Sales Taxes	1,159,789	1,133,852	-	-	1,159,789	1,133,852
Franchise Taxes	194,343	205,628	-	-	194,343	205,628
Other Taxes	-	-	-	-	-	-
License and Permits	40,805	52,943	-	-	40,805	52,943
Unrestricted Investment Earnings	26,847	13,239	-	-	26,847	13,239
Miscellaneous	443,810	303,729	-	508,859	443,810	812,588
Total Revenues	<u>7,989,584</u>	<u>6,042,741</u>	<u>2,944,786</u>	<u>2,040,397</u>	<u>10,934,370</u>	<u>8,083,138</u>
Expenses:						
General Administration	1,450,203	598,109	-	-	1,450,203	598,109
Public Facilities	1,547,474	1,833,115	-	-	1,547,474	1,833,115
Public Safety	1,104,387	3,182,893	-	-	1,104,387	3,182,893
Public Transportation	-	-	-	-	-	-
Culture and Recreation	92,029	114,542	-	-	92,029	114,542
Interest and Fiscal Charges	731,288	352,701	34,256	35,588	765,544	388,289
Water, Garbage, and Sewer	-	-	1,754,483	1,611,966	1,754,483	1,611,966
Total Expenses	<u>4,925,381</u>	<u>6,081,360</u>	<u>1,788,739</u>	<u>1,647,554</u>	<u>6,714,120</u>	<u>7,728,914</u>
Increase (Decrease) in Net Position before transfers and special items	3,064,203	(38,619)	1,156,047	392,843	4,220,250	354,224
Transfers	-	166,412	-	(166,412)	-	-
Increase (Decrease) in Net Position	<u>3,064,203</u>	<u>127,793</u>	<u>1,156,047</u>	<u>226,431</u>	<u>4,220,250</u>	<u>354,224</u>
Prior period adjustment	219,329	-	153,582	-	372,911	-
Net Position at Beginning	<u>6,639,481</u>	<u>6,511,688</u>	<u>6,575,451</u>	<u>6,349,020</u>	<u>13,214,932</u>	<u>12,860,708</u>
Net Position at Ending	<u>\$ 9,923,013</u>	<u>\$ 6,639,481</u>	<u>\$ 7,885,080</u>	<u>\$ 6,575,451</u>	<u>17,808,093</u>	<u>13,214,932</u>

The assessed valuation before exemptions at January 1, 2023 totaled \$164 million. The current tax rate is \$1.098086 per \$100 valuation with a current tax levy of \$1,809,340. The current tax rate finances debt service and the city's operations.

Through the month of September 2023, the Tax Assessor/Collector's office reports \$1,594,577 of the levies had been collected. Current tax collections for the operating and interest and sinking fund was \$1,502,852 or 88.98% of the amount levied, including delinquent collections of \$186,211 or 11.02%. The total overall collection rate for current and delinquent collections to the current levy was 100%. Penalties and interest of \$94,425 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 \$4,925,381 million compared to \$6.08 million last year, as shown in the Statement of Activities on pages 14 and 15. The business type activity expenses were \$1,788,739, compared to the prior year of \$1,647,554. (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 \$2,249,922. (Exhibit C-1, C-3).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2023, the City had \$16,939,187 invested in a broad range of capital assets, including facilities and infrastructure in the governmental activities. Proprietary funds had \$13,746,240 invested in fixed assets at year-end as in the prior year.

This year's 2022/2023 continued finishing major additions included:

Fixed asset additions on various projects:	-
Governmental	2,341,001
Utility	1,448,113
	<u>3,789,114</u>

Debt

At year-end, the City had \$4,579,899 in bonds, notes, leases and compensated absences outstanding versus \$4,732,765 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](http://www.TMRS.com).

**Employees covered by benefit terms.**

At the December 31, 2021 and 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	2021	2022
Inactive employees or beneficiaries currently receiving benefits	30	34
Inactive employees entitled to but not yet receiving benefits	109	114
Active employees	<u>48</u>	<u>52</u>
Total	<u>187</u>	<u>200</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 4.28% and 3.75% (plus 0.59% additional contributions) in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$105,982, and were equal to the required contributions, and city contributions for to TMRS for September 30, 2022 were \$99,773 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 2024 budget, tax rates. One of those factors is the economy.

These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are approximately \$4,191,556, an overall consistent budget over the final 2023 budget of \$4,060,082. Property taxes (benefiting from the 2023/2024 increases in assessed valuations). Budgeted expenditures are expected to rise nearly 3 percent in 2024. 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 a new festival area 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 2023/2024.

## **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, 2023**

**EXHIBIT A-1**

	Primary Government			Component
	Governmental	Business Type	Total	Unit Non-Major Component Unit
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,538,336	58,678	1,597,014	948,182
Receivables (net of allowance)	996,127	445,596	1,441,723	190,988
Prepaid Items	-	-	-	55
Due From Other Funds	276,910	428,541	705,451	-
Due From Others	1,525,717	-	1,525,717	-
Inventory	-	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Temporarily Restricted Assets	-	21,223	21,223	-
Net Pension Asset	719,081	86,638	805,719	-
Capital Assets:				
Land	322,575	12,412	334,987	9,359
Utility System, net	9,059,904	8,099,098	17,159,002	102,425
Machinery and Equipment, net	911,752	344,743	1,256,495	-
<b>TOTAL ASSETS:</b>	<b>\$ 15,350,401</b>	<b>9,496,930</b>	<b>24,847,331</b>	<b>1,251,009</b>
Deferred Resource Outflows- Gasb 68	\$ 385,001	16,715	401,716	-
Deferred Resource Outflows- Gasb 75	20,702	5,318	26,020	-
<b>LIABILITIES:</b>				
Accounts Payable & Other Current Liab.	\$ 645,951	-	645,951	12,621
Due to Other Funds	-	710,710	710,710	-
Net Pension Liability - Gasb 75	135,957	7,412	143,369	-
Accrued Liabilities	535,185	26,668	561,853	-
Current Bonds/Loans/Lease Payable	237,912	18,000	255,912	23,489
Payable from Restricted Assets	45,764	105,558	151,322	-
Bonds/Loans Payable/Other - Long Term	4,172,920	748,000	4,920,920	382,591
<b>TOTAL LIABILITIES</b>	<b>\$ 5,773,689</b>	<b>1,616,348</b>	<b>7,390,037</b>	<b>418,701</b>
Deferred Resource Inflows Gasb 68	\$ 10,698	11,925	22,623	-
Deferred Resource Inflows - Gasb 75	48,704	5,610	54,314	-
<b>NET POSITION:</b>				
Invested in Capital Assets	\$ 5,883,398	7,711,476	13,594,874	(294,296)
Restricted for Revenue Bond Retirement	-	-	-	-
Commitments	-	-	-	-
Restricted for Capital Project Funds	154,013	-	154,013	-
Restricted for Special Revenue Funds	608,111	-	608,111	-
Restricted for Debt Service Funds	437,508	-	437,508	-
Unrestricted Net Position	2,839,985	173,603	3,013,588	1,126,604
<b>TOTAL NET POSITION</b>	<b>\$ 9,923,013</b>	<b>7,885,080</b>	<b>17,808,093</b>	<b>832,308</b>

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, 2023**

Primary Government:	Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>			
10 General Government	\$ 1,450,203	436,816	-
21 Public Safety	1,104,387	-	-
31 Public Works	1,547,474	577,204	-
50 Culture and Recreation	92,029	-	-
65 Economic Development and Assistance	-	-	-
73 Bond Interest	731,288	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,925,381</b>	<b>1,014,020</b>	<b>-</b>
 <b>BUSINESS-TYPE ACTIVITIES:</b>			
701 Utility Fund	\$ 1,788,739	1,689,075	-
<b>Total Business Type Activities:</b>	<b>\$ 1,788,739</b>	<b>1,689,075</b>	<b>-</b>

**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	
\$ (1,013,387)	-	(1,013,387)	384,476
(1,104,387)	-	(1,104,387)	-
(970,270)	-	(970,270)	-
(92,029)	-	(92,029)	-
-	-	-	-
(731,288)	-	(731,288)	17,462
<u>\$ (3,911,361)</u>	<u>-</u>	<u>(3,911,361)</u>	<u>401,938</u>
-	(99,664)	(99,664)	-
-	(99,664)	(99,664)	-
-	-	-	-
-	-	-	-
\$ 2,549,401	-	2,549,401	-
1,159,789	-	1,159,789	357,806
194,343	-	194,343	-
-	-	-	-
40,805	-	40,805	-
2,560,569	-	2,560,569	-
443,810	1,255,710	1,699,520	86,406
26,847	-	26,847	34,236
-	-	-	-
<u>\$ 6,975,564</u>	<u>1,255,710</u>	<u>8,231,275</u>	<u>478,448</u>
<u>3,064,203</u>	<u>1,156,047</u>	<u>4,220,250</u>	<u>76,510</u>
<u>6,639,481</u>	<u>6,575,451</u>	<u>13,214,932</u>	<u>948,316</u>
<u>219,329</u>	<u>153,582</u>	<u>372,912</u>	<u>(192,518)</u>
<u>\$ 9,923,013</u>	<u>7,885,080</u>	<u>17,808,093</u>	<u>832,308</u>

**CITY OF MATHIS, TEXAS  
BALANCE SHEET  
GOVERNMENT FUNDS  
SEPTEMBER 30, 2023**

	<u>General</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	\$ 310,636	57,403
Receivables and Allowances:		
Miscellaneous Receivables	-	-
Due From Other Governmental Agencies	269,642	-
Garbage	135,858	-
Ad Valorem Taxes	846,427	270,685
Allowance for Uncollectible Taxes	(194,608)	(62,235)
Due From Other Funds	401,455	380,104
Prepaid Items	-	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,769,409</u></b>	<b><u>645,958</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ 51,352	-
Other Payables	11,564	-
Due to Other Funds	4,384	-
Unearned Revenue	-	-
<b>TOTAL LIABILITES</b>	<b>\$ <u>67,299</u></b>	<b><u>-</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenues	\$ <u>651,819</u>	<u>208,450</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ <u>651,819</u></b>	<b><u>208,450</u></b>
 <b>FUND BALANCE</b>		
Restricted for Special Revenue	\$ -	-
Restricted for Debt Service	-	437,508
Restricted for Capital Projects	-	-
Unassigned	1,050,291	-
<b>TOTAL FUND BALANCE</b>	<b>\$ <u>1,050,291</u></b>	<b><u>437,508</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
	<b>\$ <u>1,769,409</u></b>	<b><u>645,958</u></b>

EXHIBIT C-1

2023 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
221,262	949,035	1,538,336
-	-	-
-	1,256,076	1,525,717
-	-	135,858
-	-	1,117,112
-	-	(256,843)
-	436,343	1,217,902
-	-	-
<u>221,262</u>	<u>2,641,453</u>	<u>5,278,082</u>
-	594,599	645,951
-	523,621	535,185
67,249	869,359	940,992
-	45,764	45,764
<u>67,249</u>	<u>2,033,343</u>	<u>2,167,891</u>
-	-	860,269
-	-	860,269
-	608,111	608,111
-	-	437,508
154,013	-	154,013
-	-	1,050,291
<u>154,013</u>	<u>608,111</u>	<u>2,249,922</u>
<u>221,262</u>	<u>2,641,453</u>	<u>5,278,082</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, 2023

Exhibit C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 2,249,922
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>15,147,950</u> and the accumulated depreciation was: <u>(6,282,040)</u>	4,951,291
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>(3,819,471)</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 2023 capital outlays and debt principal payments is to increase (decrease) net position.	2,129,127
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 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(388,510)
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.	51,758
<b>Net position of Governmental Activities</b>	<u>\$ 9,923,013</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, 2023**

	General	Debt Service Fund
<b>REVENUES</b>		
Taxes	\$ 2,539,528	419,484
Licenses and Permits	40,805	-
Intergovernmental	16,833	-
Charges for Services	577,204	-
Fines and Penalties	-	-
Interest	-	214
Other	834,277	-
<b>TOTAL REVENUES</b>	<b>\$ 4,008,648</b>	<b>419,699</b>
<b>EXPENDITURES</b>		
Current		
General Administration	\$ 503,639	-
Cultural and Recreational, Tourism	87,759	-
Public Safety	1,404,242	-
Public Works	326,814	-
Sanitation	351,062	-
Debt Service		
Principal Retirement	-	307,070
Interest and Fiscal Charges	-	200,243
Capital Outlay	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,673,516</b>	<b>507,313</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,335,132</b>	<b>(87,614)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital - related Debt Issued	\$ -	-
Premium on bonds issued	-	-
Transfers from Other Funds	-	116,356
Transfer to Other Funds	(82,820)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (82,820)</b>	<b>116,356</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$ 1,252,312</b>	<b>28,742</b>
<b>FUND BALANCE, beginning of year</b>	<b>\$ (202,021)</b>	<b>262,834</b>
Prior Period Adjustment	-	145,931
<b>FUND BALANCE, end of year</b>	<b>\$ 1,050,291</b>	<b>437,508</b>

EXHIBIT C-3

2023 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	84,252	3,043,264
-	-	40,805
-	1,643,736	1,660,569
-	-	577,204
-	-	-
25,411	1,221	26,847
45,142	1,207	880,626
<u>70,553</u>	<u>1,730,416</u>	<u>6,229,315</u>
-	1,171,870	1,675,509
-	2,964	90,723
-	378,044	1,782,286
1,440,691	43,048	1,810,554
-	-	351,062
-	-	307,070
-	-	200,243
-	-	-
<u>1,440,691</u>	<u>1,595,926</u>	<u>6,217,447</u>
<u>(1,370,138)</u>	<u>134,489</u>	<u>11,869</u>
-	-	-
-	-	-
-	40,815	157,171
-	(74,351)	(157,171)
-	<u>(33,536)</u>	-
(1,370,138)	100,953	11,869
1,524,151	433,759	2,018,723
-	73,398	219,329
<u>154,013</u>	<u>608,111</u>	<u>2,249,922</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, 2023**

Exhibit C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 11,869
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 2023 capital outlays and debt principal payments is to increase (decrease) net position.	587,672
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 12/31/2022 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 12/31/2022 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.	(388,510)
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.	2,826,423
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 3,064,203</u>

The accompanying notes are an integral part of this statement.

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2022

	2023			Variance with Final Budget Variance	Exhibit C-5
	BUDGETED AMOUNTS		Actual		2022
	Original	Final			Actual
<b>REVENUES</b>					
Taxes					
Property Taxes	1,299,398	1,299,398	1,269,648	(29,750)	1,008,909
General Sales and Use Taxes	1,150,377	1,150,377	1,075,537	(74,840)	1,047,367
Franchise Tax	189,191	189,191	194,343	5,152	205,628
Other Taxes	-	-	-	-	-
License and Permits	53,214	53,214	40,805	(12,409)	52,943
Intergovernmental Revenues	-	-	16,833	16,833	23,268
Charges for Services	545,705	545,705	577,204	31,499	624,599
Investment Earnings	1,163	1,163	1,945	782	625
Fines and Forfeitures	-	-	-	-	-
Other Revenues	516,855	516,855	832,332	315,477	553,425
<b>Total Revenues</b>	<b>3,755,903</b>	<b>3,755,903</b>	<b>4,008,648</b>	<b>252,745</b>	<b>3,516,764</b>
<b>EXPENDITURES</b>					
General Administration	-	-	-	-	-
Municipal Court	115,808	115,808	53,149	62,659	79,790
Administration	740,847	740,847	450,490	290,357	821,675
Legislative	-	-	-	-	-
Public Safety					
Police	1,115,333	1,115,333	742,522	372,811	1,024,211
Fire	78,323	78,323	38,953	39,370	76,595
Emerg. Med. Service	823,536	823,536	560,088	263,448	830,241
Animal Control	65,737	65,737	44,671	21,066	75,518
Code Enforcement	53,699	53,699	18,007	35,692	51,918
Public Works					
Streets Department	952,298	952,298	326,814	625,484	534,602
Sanitation	-	-	351,062	(351,062)	375,927
Culture and Recreation					
Library	-	-	-	-	-
Parks	143,324	143,324	87,759	55,565	113,451
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,088,905</b>	<b>4,088,905</b>	<b>2,673,516</b>	<b>1,415,389</b>	<b>3,983,929</b>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(333,002)	(333,002)	1,335,132	1,668,134	(467,165)
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital related Debt Issued	-	-	-	-	-
Transfers In	220,982	220,982	-	(220,982)	233,704
Transfers (Out)	-	-	(82,820)	(82,820)	-
<b>Total Other Financing Sources (Uses)</b>	<b>220,982</b>	<b>220,982</b>	<b>(82,820)</b>	<b>(303,802)</b>	<b>233,704</b>
Net Change in Fund Balance	(112,020)	(112,020)	1,252,312	1,364,332	(233,461)
Fund Balance - October 1 (Beginning)	(202,021)	(202,021)	(202,021)	-	31,440
Prior period adjustment	-	-	-	-	-
<b>Fund Balance - September 30 (Ending)</b>	<b>(314,041)</b>	<b>(314,041)</b>	<b>1,050,291</b>	<b>1,364,332</b>	<b>(202,021)</b>

The accompanying notes are an integral part of this statement.

**CITY OF MATHIS, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023**

**EXHIBIT D-1**

	Business-Type Activities Enterprise Fund <hr/> Utility Fund <hr/>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	58,678
Receivables and Allowances	
Accounts	
Water and Wastewater Billings	445,596
Assessments	-
Other	-
Allowance for Uncollectible Accounts	-
Due from Other Funds	428,541
Bond Issue Cost (Net)	-
Prepaid Items	-
Inventory	-
<b>Total Current Assets</b>	<b>932,815</b>
<b>Non-Current Assets:</b>	
Restricted Assets:	
Cash and Cash Equivalents	
Meter Deposits	21,222
Revenue Bond Reserve	1
<b>Total - Non-Current Assets</b>	<b>21,223</b>
Net Pension Asset (liability)	86,638
<b>Capital Assets</b>	
Land	12,412
Construction in Progress	1,448,113
Buildings	231,970
Water System	8,090,839
Sewer System	3,618,162
Infrastructure	0
Vehicles	-
Furniture and Equipment	344,743
<b>Total Capital Assets</b>	<b>13,746,239</b>
Less Accumulated Depreciation	(5,289,986)
<b>Net Capital Assets</b>	<b>8,456,253</b>
<b>TOTAL ASSETS</b>	<b>9,496,930</b>
Deferred Resource Outflows 68	16,715
Deferred Resource Outflows 75	5,318

**CITY OF MATHIS, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023**

**EXHIBIT D-1**  
continued

	Business-Type Activities Enterprise Fund	Utility Fund
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	-	
Accrued Liabilities	-	
Compensated Absences	26,668	
Due to Other Funds	710,710	
Capital Leases Payable	-	
Current Portion of Revenue Bonds Payable	18,000	
Customer Meter Deposits	105,558	
	<u>860,936</u>	
Liabilities (Payable from Restricted Assets):		
<b>Long-Term Liabilities</b>		
Net Pension Liability	7,412	
Capital Leases Payable	0	
Revenue Bonds Payable	748,000	
Total Long-Term Liabilities	<u>755,412</u>	
	<u>1,616,348</u>	
Deferred Resource Inflows 68	5,610	
Deferred Resource Inflows 75	11,925	
<b>NET POSITION</b>		
Invested in Capital Assets	7,711,476	
Restricted for:		
Revenue Bond Retirement	-	
Unrestricted	173,603	
<b>Net Position</b>	<u><u>7,885,080</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, 2023**

**EXHIBIT D-2**

	Business-Type Activities Enterprise Fund Utility Fund
<b>OPERATING REVENUES</b>	
Water Sales	1,059,823
Sewer Sales	588,915
Meter tap/reconnect fees	24,036
Other Fees and Charges	16,301
<b>Total Operating Revenues</b>	<u>1,689,075</u>
<b>OPERATING EXPENSES</b>	
Personnel Costs	684,023
Contracted Services	29,286
Supplies	10,882
Maintenance	227,687
Self Insurance Claims & Administration	-
Other Operating Expenses	437,615
Subtotal	<u>1,389,493</u>
Water Purchased	201,926
Depreciation	197,320
Amortization	-
<b>Total Operating Expenses</b>	<u>1,788,739</u>
<b>Net Operating Income</b>	<u>(99,664)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Refunding Bonds Issued	-
Payments to Escrow Agents	-
Grant Income	1,288,422
Interest Income	1,545
Interest and Fiscal Charges	(34,256)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>1,255,710</u>
Income Before Transfers	<u>1,156,047</u>
Transfers in	-
Transfers (out)	-
<b>Change in Net Position</b>	<u>1,156,047</u>
<b>Prior Period Adjustment</b>	<u>153,582</u>
<b>NET POSITION BEGINNING OF YEAR</b>	<u>6,575,451</u>
<b>NET POSITION END OF YEAR</b>	<u><u>7,885,080</u></u>

**CITY OF MATHIS, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2023**

**EXHIBIT D-3**

	Business-Type Activities Enterprise Fund Utility Fund
<b>Cash flow from operating activities:</b>	
Cash received from customers	1,204,644
Cash received from other funds for services	-
Cash payments to suppliers for goods and services	(553,597)
Cash payments to employees for services	(692,645)
Other adjustments	-
Net cash provided by operating activities	<u>(41,598)</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers to other funds	-
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Net Refunds bonds/costs	-
Grant Proceeds	1,288,422
Principal Payment on bonds	(17,000)
Interest and Fiscal Charges Paid	(34,256)
Purchase of Capital Assets	(1,503,313)
Other Adjustments	339,653
Net Cash Used for Capital and Related Financing Activities	<u>73,506</u>
Cash Flows from Investing Activities- Interest Income	1,545
Net Increase (Decrease) in Cash and Cash Equivalents	<u>33,453</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>46,448</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>79,901</u></u>
<b>Reconciliation of Operating Income to Net Cash</b>	
Operating Activities	
Operating Income	(99,664)
<b>Adjustments to Reconcile Operating Income to Net Cash</b>	
Provided by Operating Activities:	
Depreciation	197,320
Amortization	-
<b>Change in Assets and Liabilities:</b>	
(Increase) Decrease in Accounts Receivable (Net)	(89,952)
(Increase) Decrease in Due from Other Funds	(394,479)
(Increase) Decrease in Due from Other Governments	-
(Increase) Decrease in Prepaid Items	-
(Increase) Decrease in Inventory	-
Increase (Decrease) in Accounts Payable	(53,732)
Increase (Decrease) in Accrued Liabilities	-
Increase (Decrease) in Due to Other Funds	410,205
Increase (Decrease) in Capital Leases Payable	-
Increase (Decrease) in Compensated Absences	(8,622)
Increase (Decrease) in Customer Deposits	(2,674)
<b>Net Cash Provided by Operating Activities</b>	<u><u>(41,598)</u></u>

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**CITY OF MATHIS, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2023**

**EXHIBIT E-1**

	Total Fiduciary Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 8,101
Accounts Receivable	0
Due From Other Funds	10,025
<b>Total Assets</b>	<u>\$ 18,126</u>
<b>Liabilities</b>	
Accounts Payable	\$ 424
Due to Other Funds	4,767
<b>Total Liabilities</b>	<u>\$ 5,191</u>
<b>Net Position</b>	
Net Position	\$ 12,936
<b>Total Net Position</b>	<u>\$ 12,936</u>

**CITY OF MATHIS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2023**

**EXHIBIT E-2**

	Total Fiduciary Funds
<b>ADDITIONS:</b>	
Miscellaneous Revenue	<u>128,539</u>
<b>Total Additions</b>	<u>128,539</u>
<b>DEDUCTIONS</b>	
Other Deductions	<u>75,975</u>
<b>Total Deductions</b>	<u>75,975</u>
Changes in Fiduciary Net Position	52,564
Total Net Position - Beginning	23,583
Prior Period Adjustment	(63,211)
<b>Total Net Position - Ending</b>	<u>12,936</u>

The accompanying notes are an integral 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, 2023**

**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, 2023**

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

	Risk Categories			Bank Balance	Carrying Amount
	(1)	(2)	(3)		
Cash Accounts	948,182	-	-	948,182	948,182
Total	<u>948,182</u>	<u>-</u>	<u>-</u>	<u>948,182</u>	<u>948,182</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 \$47,489, 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
2024	23,489	16,515	40,004
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
2029-2033	158,919	41,100	200,019
2034-2038	56,271	14,500	70,771
2039-2043	25,000	13,460	38,460
2044-2048	25,000	13,460	38,460
2049-2051	12,916	6,955	19,871
Total	<u>406,079</u>	<u>161,521</u>	<u>567,600</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, 2023**

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, 2023**

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, 2023**

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 71<sup>st</sup> 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, 2023**

**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, 2023.

**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, 2023**

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, 2023**

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in</u> <u>Net Position</u>
Land	\$ 322,575	\$ -	\$ 322,575	
Buildings	719,962	(630,313)	89,649	
Furniture & Equipment	4,043,469	(3,204,435)	839,034	
Capital Leases	-	-	-	
Infrastructure	10,061,944	(2,447,292)	7,614,652	
Change in Net Position	<u>\$ 15,147,950</u>	<u>\$ (6,282,040)</u>		<u>\$ 8,865,910</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>				
Bonds Payable	\$ 3,480,000			
Loans Payable	214,314			
Capital Leases Payable	95,148			
Other	125,157			
Change in Net Position	<u>3,914,619</u>			<u>\$ (3,914,619)</u>
Net Adjustment to Net Position				<u>\$ 4,951,291</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, 2023**

	<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	1,762,886	1,762,886	1,762,886
Furniture & Equipment	28,352	28,352	28,352
Construction in Process	-	-	-
Total Capital Outlay	<u>\$ 1,791,238</u>	<u>\$ 1,791,238</u>	<u>\$ 1,791,238</u>
<u>Debt Principal Payments</u>			
Bond Principal	85,000	85,000	85,000
Loan Principal	67,292	67,292	67,292
Notes principal	95,148	95,148	95,148
Other	90,449	90,449	90,449
Total Principal Payments	<u>337,889</u>	<u>337,889</u>	<u>337,889</u>
Total Adjustment to Net Position	<u>\$ 2,129,127</u>	<u>\$ 2,129,127</u>	<u>\$ 2,129,127</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	393,755	393,755	393,755
Uncollected Taxes (assumed collectible) from Prior Year Levy	466,514	466,514	466,514
Other	-	-	-
Total	<u>\$ 860,269</u>	<u>\$ 860,269</u>	<u>\$ 860,269</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 proposes 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, 2023**

(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**

None

**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, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,597,014 and the bank balance was \$1,548,072. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2023 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  
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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, 2023, are shown below:

Investment Maturities (In Years)

Investment or Investment Type	Fair Value	Less than 1	1 to 2
Investment in Tex-Pool	289,521	289,521	-
Total Fair Value	\$ 289,521	\$ 289,521	\$ -

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**  
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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  
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**D. INTERFUND BALANCES AND TRANSFERS**

Inter-fund balances at September 30, 2023, consisted of the following amounts:

<b>Due From:</b>	
General Fund	401,455
All Others	826,472
Total Due to General Fund from Other Funds	<u>1,227,927</u>
Utility Fund	
Due From Other Funds	428,541
Subtotal	<u>1,656,468</u>
<b>Due To:</b>	
General Fund	4,384
Capital Projects Fund	67,249
All Others	874,125
Total Due to Major Fund #1	<u>945,758</u>
Utility Fund	
Due To Other Funds	710,710
Subtotal	<u>1,656,468</u>

Inter-fund transfers for the year ended September 30, 2023, consisted of the following individual amounts:

<b>Transfers from Other Funds:</b>	
Major Governmental Funds	116,356
Non-Major Governmental Funds	40,815
All Others - Utility	-
Total Transfers to General Fund	<u>157,171</u>
<b>Transfers to Other Funds:</b>	
Major Governmental Funds	-
Non-Major Governmental Funds	82,820
All Others	74,351
Total Transfers to Nonmajor Governmental Funds	<u>157,171</u>

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**E. DESEGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2023, were as follows:

	Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	\$ 651,819	\$ 269,642	\$ 401,455	\$ 135,858	\$ 1,458,774
Capital Project Fund	-	-	-	-	-
Debt Service Fund	208,450	-	380,104	-	588,554
Other Major Governmental Fund	-	-	-	-	-
Non-major Funds	-	-	436,343	1,256,076	1,692,419
Other Funds	-	-	-	-	-
Total - Governmental Activities	<u>\$ 860,269</u>	<u>\$ 269,642</u>	<u>\$ 1,217,902</u>	<u>\$ 1,391,934</u>	<u>\$ 3,739,747</u>
<b>Business-Type Activities:</b>					
Major Enterprise Fund #1	\$ -	\$ -	\$ 428,541	\$ 445,596	\$ 874,137
Nonmajor Enterprise Funds	-	-	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,541</u>	<u>\$ 445,596</u>	<u>\$ 874,137</u>

Payables at September 30, 2023, 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
<b>Governmental Activities:</b>							
General Fund	\$ 62,916	\$ 134,953	\$ -	\$ 4,384	\$ -	\$ -	\$ 202,253
Debt Service Fund	-	-	-	-	-	-	-
Major Governmental Fund #2	-	-	-	67,249	-	-	67,249
Major Governmental Fund #3	-	-	-	-	-	-	-
Nonmajor Governmental Funds	594,599	-	-	869,359	-	523,621	1,987,579
Custodial Funds	-	-	-	-	-	-	-
Total - Governmental Activities	<u>\$ 657,515</u>	<u>\$ 134,953</u>	<u>\$ -</u>	<u>\$ 940,992</u>	<u>\$ -</u>	<u>\$ 523,621</u>	<u>\$ 2,257,081</u>
<b>Business-Type Activities:</b>							
Major Enterprise Fund #1	\$ -	\$ 18,000	\$ 26,668	\$ 710,710	\$ -	\$ 105,558	\$ 860,936
Nonmajor Enterprise Funds	-	-	-	-	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 26,668</u>	<u>\$ 710,710</u>	<u>\$ -</u>	<u>\$ 105,558</u>	<u>\$ 860,936</u>

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

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the City for the year ended September 30, 2023, 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	719,962	115,827	-	835,789
Machinery, equipment and vehicles	4,043,469	286,351	257,999	4,071,821
Infrastructure	10,061,944	1,938,823	291,765	11,709,002
Total capital assets, being depreciated	<u>14,825,375</u>	<u>2,341,001</u>	<u>549,764</u>	<u>16,616,612</u>
Less accumulated depreciation for:				
Buildings and improvements	630,313	14,866	(208)	645,387
Machinery, equipment and vehicles	3,204,435	213,633	25,800	3,392,268
Infrastructure	2,447,292	160,011	-	2,607,303
Total accumulated depreciation	<u>6,282,040</u>	<u>388,510</u>	<u>25,592</u>	<u>6,644,958</u>
Total capital assets being depreciated, net	<u>8,543,335</u>	<u>1,952,491</u>	<u>524,172</u>	<u>9,971,654</u>
Governmental activities capital assets, net	<u>8,865,910</u>	<u>1,952,491</u>	<u>524,172</u>	<u>10,294,229</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	289,543	55,200	-	344,743
Infrastructure	11,709,003	-	-	11,709,003
Construction in Progress	-	1,448,113	-	1,448,113
Total capital assets, being depreciated	<u>12,230,516</u>	<u>1,503,313</u>	<u>-</u>	<u>13,733,829</u>
Less accumulated depreciation for:				
Buildings and improvements	201,757	2,400	-	204,157
Machinery, equipment and vehicles	183,402	36,942	-	220,344
Infrastructure	4,670,317	157,978	32,905	4,795,390
Total accumulated depreciation	<u>5,055,476</u>	<u>197,320</u>	<u>32,905</u>	<u>5,219,891</u>
Total capital assets, being depreciated, net	<u>7,175,040</u>	<u>1,305,993</u>	<u>(32,905)</u>	<u>8,513,938</u>
Business-type activities capital assets, net	<u>\$ 7,187,452</u>	<u>\$ 1,305,993</u>	<u>\$ (32,905)</u>	<u>\$ 8,526,350</u>

Depreciation expense was charged to governmental functions as follows:

General Government	388,510
Utility Fund	197,320
Total Depreciation Expense	<u>585,830</u>

**CITY OF MATHIS, TEXAS**  
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**G. SHORT-TERM DEBT PAYABLE**

*[GASB 2300.107]* 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	214,314	-	67,292	147,022

**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, 2023 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	137,500	3,480,000	-	85,000	3,395,000
Total Governmental Activities			137,500	3,480,000	-	85,000	3,395,000

**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, 2023, as follows:

None

**CITY OF MATHIS, TEXAS  
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**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
2024	85,000	134,100	219,100
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
2029-2033	955,000	441,500	1,396,500
2034-2038	1,175,000	229,500	1,404,500
2039-2040	540,000	21,800	561,800
<b>Totals</b>	<b>3,395,000</b>	<b>1,306,700</b>	<b>4,701,700</b>

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

Year Ending September 30	General Obligations		
	Principal	Interest	Total
2024	18,000	33,513	51,513
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
2029-2033	125,000	135,188	260,188
2034-2038	155,000	105,394	260,394
2039-2044	237,000	76,738	313,738
2045-2047	149,000	13,430	162,430
<b>Totals</b>	<b>766,000</b>	<b>490,001</b>	<b>1,256,001</b>

**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.

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Year Ending December 31:	
2024	-
2025	-
2026	-
2027	-
2028	-
Total Minimum Lease Payments	\$ -
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	<u>\$ -</u>

**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, 2023 was \$208,227 in the various funds and \$26,668 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](http://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.

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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](http://www.TMRS.com).

***Employees covered by benefit terms.***

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

	2021	2022
Inactive employees or beneficiaries currently receiving benefits	30	34
Inactive employees entitled to but not yet receiving benefits	109	114
Active employees	<u>49</u>	<u>52</u>
Total	<u>187</u>	<u>200</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 4.28% and 3.75% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2022 and 2023 were \$99,773 and \$105,982, and were equal to the required contributions.

**D. Net Pension Liability**

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

**CITY OF MATHIS, TEXAS**  
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*Actuarial assumptions:*

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

Inflation	2.50% per year
Overall payroll growth	3.5% to 11.5% 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.

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

***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**  
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<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 12/31/2021	\$ 3,598,290	\$ 4,984,770	\$ (1,386,480)
Changes for the year:			
Service cost	292,909	-	292,909
Interest	242,571	-	242,571
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(47,214)	-	(47,214)
Changes in Assumptions	-	-	-
Contributions – Employer	-	104,701	(104,701)
Contributions – Employee	-	164,292	(164,292)
Net Investment Income	-	(362,096)	(362,096)
Benefit Payments, Including Refunds of Employee Contributions	(302,196)	(302,196)	-
Administrative Expense	-	(3,149)	3,149
Other Changes	-	3,757	(3,757)
Net Changes	\$ 186,070	\$ (394,692)	\$ (580,761)
<b>Balance at 12/31/2022</b>	<b>\$ 3,784,360</b>	<b>\$ 4,590,078</b>	<b>\$ (805,719)</b>

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	\$(282,753)	\$(805,718)	\$(1,230,591)

***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](http://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 \$56,076.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$0	\$22,623
Changes in actuarial assumptions	\$0	\$0
Difference between projected and actual investment earnings	\$321,331	\$0
Contributions subsequent to the measurement date	\$80,385	\$0
Total	\$401,716	\$22,623

\$80,385 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2024	\$(4,355)
2025	\$78,386
2026	\$84,965
2027	\$139,712
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**  
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**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 0.36% and 0.32% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 31, 2022 were \$7,664 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, 2023**

**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>	<b>Total OPEB Liability (a)</b>
Balance at 12/31/2021	\$ 195,313
Changes for the year:	
Service cost	11,500
Interest	3,652
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	1,382
Changes in Assumptions	(63,314)
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(5,164)
Administrative Expense	-
Other Changes	-
Net Changes	\$ (51,944)
<b>Balance at 12/31/2022</b>	<b>\$ 143,369</b>

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

**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	\$167,486	\$143,369	\$124,432

**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](http://www.tmr.com).

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$6,922.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$3,430	\$5,245
Changes in actuarial assumptions	\$14,070	\$49,068
Difference between projected and actual investment earnings	\$-0-	\$0
Contributions subsequent to the measurement date	\$8,520	\$0
Total	\$26,020	\$54,313

\$8,520 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended Dec 31:	
2024	\$(6,538)
2025	\$(11,263)
2026	\$(13,000)
2027	\$(6,012)
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 2022	Plan Year 2021
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 2023, 2022 and 2021 were \$10,401, \$7,664, and \$7,022, respectively, which equaled the required contributions each year.

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

**N. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended September 30, 2023, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
Certificates of Obligation Bonds	\$ 3,480,000	\$ -	\$ 85,000	\$ 3,395,000	\$ 85,000
Notes	214,314	-	67,292	147,022	49,953
Equipment Note	-	-	-	-	-
Less Deferred Amount on Refunding	-	-	-	-	-
<b>Total Bonds and Notes Payable</b>	<b>3,694,314</b>	<b>-</b>	<b>152,292</b>	<b>3,542,022</b>	<b>134,953</b>
<b>Other Liabilities:</b>					
Right of Use Leases	95,148	-	95,148	-	-
Compensated Absences	125,157	83,070	-	208,227	72,879
Claims and Judgments	-	-	-	-	-
<b>Total Other Liabilities</b>	<b>220,305</b>	<b>83,070</b>	<b>95,148</b>	<b>208,227</b>	<b>72,879</b>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>3,914,619</b>	<b>83,070</b>	<b>247,440</b>	<b>3,750,249</b>	<b>207,832</b>
<b>Business-type Activities</b>					
<b>Bonds and Notes Payable:</b>					
Bonds	783,000	-	17,000	766,000	18,000
Loans	-	47,853	10,871	36,982	11,223
Less Deferred Amounts	-	-	-	-	-
<b>Total Bonds and Note Payable</b>	<b>783,000</b>	<b>47,853</b>	<b>27,871</b>	<b>802,982</b>	<b>29,223</b>
<b>Other Liabilities</b>					
Compensated Absences	35,146	-	8,478	26,668	7,058
Capital Leases	-	-	-	-	-
<b>Total Other Liabilities</b>	<b>35,146</b>	<b>-</b>	<b>8,478</b>	<b>26,668</b>	<b>7,058</b>
<b>Total Business-type Activities Long-Term Liabilities</b>	<b>\$ 818,146</b>	<b>\$ 47,853</b>	<b>\$ 36,349</b>	<b>\$ 829,650</b>	<b>\$ 36,281</b>

**O. UNAVAILABLE REVENUE**

Unavailable revenue at year end consisted of the following:

	General Fund	Business Type Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 651,819	\$ -	\$ 208,450	\$ 860,269
Other	-	-	-	-
<b>Total Unavailable Revenue</b>	<b>\$ 651,819</b>	<b>\$ -</b>	<b>\$ 208,450</b>	<b>\$ 860,269</b>

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

**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, 2023, are summarized below.

Fund	State Entitlements	Federal Grants	Total
General	\$ 269,642	\$ 423,959	\$ 693,601
Special Revenue		832,117	832,117
Total	<u>\$ 269,642</u>	<u>\$ 1,256,076</u>	<u>\$ 1,525,718</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	\$ 1,201,872	\$ 84,252	\$ 419,484	\$ -	\$ 1,705,608
Penalties, Interest and Other	67,775		-		\$ 67,775
Tax Related Income	-	-	-	-	-
Investment Income	1,945	1,221	214	25,411	28,791
Sales Tax/Franchise	1,269,881	-	-	-	1,269,881
Charges for Services	577,204	-	-	-	577,204
Other	889,971	1,644,943	-	45,142	2,580,056
Total	<u>\$ 4,008,648</u>	<u>\$ 1,730,416</u>	<u>\$ 419,698</u>	<u>\$ 70,553</u>	<u>\$ 6,229,315</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, 2023**

**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, 2023**

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	\$ 608,111
Capital Projects	154,013
Retirement of Long Term Debt	437,508
Assigned Fund Balances	
Undesignated/Unassigned	-
Unassigned Fund Balance	<u>1,050,291</u>
Total Fund Balances	<u>\$ 2,249,922</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, 2023 fiscal year as necessary. The Council has evaluated subsequent events through February 13, 2025, the date which the financial statements were available to be issued.

During the prior audit, the nation was hit with a corona virus. The virus essentially shut down the nation economically. The impact at the date of the audit report is not measurable. The nation had to shelter in place. Recovery in the post audit period was still occurring.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF MATHIS, TEXAS  
REQUIRED SUPPLEMENTARY DISCLOSURE  
AS OF SEPTEMBER 30, 2023**

**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 2022-2023 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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Plan Year Ended	
	2022	2021
<b>Total Pension Liability</b>		
Service cost	\$ 292,909	\$ 266,936
Interest (on the total pension liability)	242,571	231,198
Changes of benefit terms	-	-
Difference between expected and actual experience	(47,214)	(87,269)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(302,196)	(208,518)
<b>Net Change in Total Pension Liability</b>	<u>186,070</u>	<u>202,347</u>
<b>Total Pension Liability - Beginning</b>	<u>3,598,290</u>	<u>3,395,943</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 3,784,360</u></u>	<u><u>\$ 3,598,290</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 104,701	\$ 92,850
Contributions - employee	164,292	146,438
Net investment income	(362,096)	569,856
Benefit payments, including refunds of employee contributions	(302,196)	(208,518)
Administrative expense	(3,149)	(2,646)
Other	3,757	18
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(394,691)</u>	<u>597,998</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>4,984,769</u>	<u>4,386,771</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 4,590,078</u></u>	<u><u>\$ 4,984,769</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ (805,718)</u></u>	<u><u>\$ (1,386,479)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	121.29%	138.53%
<b>Covered Payroll</b>	\$ 2,347,026	\$ 2,091,976
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	-34.33%	-66.28%

December 31,

2020	2019	2018	2017	2016	2015	2014
\$ 270,782	\$ 265,543	\$ 269,579	\$ 267,665	\$ 256,721	\$ 222,406	\$ 140,356
217,913	203,428	197,386	193,269	178,798	164,060	157,939
-	-	-	-	-	-	-
(84,599)	(58,912)	(130,454)	(156,719)	(38,798)	835	(56,629)
-	2,064	-	-	-	75,458	-
(202,206)	(198,095)	(291,873)	(196,474)	(179,138)	(170,419)	(220,070)
201,890	214,028	44,638	107,741	217,583	292,340	21,596
3,194,053	2,980,025	2,935,387	2,827,646	2,610,063	2,317,723	2,296,127
<u>\$3,395,943</u>	<u>\$3,194,053</u>	<u>\$ 2,980,025</u>	<u>\$ 2,935,387</u>	<u>\$ 2,827,646</u>	<u>\$ 2,610,063</u>	<u>\$ 2,317,723</u>
\$ 97,119	\$ 95,989	\$ 95,212	\$ 89,851	\$ 61,694	\$ 55,141	\$ 15,912
149,604	148,348	146,170	146,953	142,059	128,665	94,815
305,506	534,246	(108,369)	436,041	197,809	4,298	163,625
(202,206)	(198,095)	(291,873)	(196,474)	(179,138)	(170,419)	(220,070)
(1,984)	(3,024)	(2,097)	(2,261)	(2,235)	(2,619)	(1,709)
(77)	(91)	(110)	(115)	(120)	(129)	(140)
347,962	577,373	(161,067)	473,995	220,069	14,937	52,433
4,038,810	3,461,437	3,622,503	3,148,509	2,928,440	2,913,503	2,861,070
<u>\$4,386,772</u>	<u>\$4,038,810</u>	<u>\$ 3,461,436</u>	<u>\$ 3,622,504</u>	<u>\$ 3,148,509</u>	<u>\$ 2,928,440</u>	<u>\$ 2,913,503</u>
<u>\$ (990,829)</u>	<u>\$ (844,757)</u>	<u>\$ (481,411)</u>	<u>\$ (687,117)</u>	<u>\$ (320,863)</u>	<u>\$ (318,377)</u>	<u>\$ (595,780)</u>
129.18%	126.45%	116.15%	123.41%	111.35%	112.20%	125.71%
\$2,137,193	\$2,119,261	\$ 2,088,144	\$ 2,099,331	\$ 2,029,412	\$ 1,838,065	\$ 1,354,494
-46.36%	-39.86%	-23.05%	-32.73%	-15.81%	-17.32%	-43.99%

CITY OF MATHIS  
 SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Year Ended September 30,

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, 2023

**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	3.50% to 11.50% 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

	2022	2021
<b>Total OPEB Liability</b>		
Service cost	\$ 11,500	\$ 10,669
Interest (on the total OPEB liability)	3,652	3,581
Changes of benefit terms	-	-
Difference between expected and actual experience	1,382	4,303
Change of assumptions	(63,315)	5,787
Benefit payments, including refunds of employee contributions	(5,163)	(5,439)
<b>Net Change in Total OPEB Liability</b>	(51,944)	18,901
<b>Total OPEB Liability - Beginning</b>	195,913	176,412
<b>Total OPEB Liability - Ending</b>	<u>\$ 143,969</u>	<u>\$ 195,313</u>
<b>Covered Payroll</b>	\$ 2,347,026	\$ 2,091,976
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	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)
	<u>16,813</u>	<u>32,532</u>	<u>(3,477)</u>	<u>19,420</u>
	<u>159,599</u>	<u>127,067</u>	<u>130,544</u>	<u>111,124</u>
\$	<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, 2023

**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	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
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, 2023 AND 2022**

**EXHIBIT H-1**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	310,636	99,349
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	135,858	126,690
Miscellaneous	-	-
Inventory	-	-
Due From Other Governmental Agencies		
Sales Taxes	10,706	12,348
Other Governmental	258,936	327,410
Ad Valorem Taxes	846,427	605,797
Allowance for Uncollectible Taxes	(194,608)	(139,283)
Due from Other Funds	401,455	18,781
Prepaid Items	-	45,024
	<u>1,769,409</u>	<u>1,096,116</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	51,352	114,143
Other Payables	11,564	133,807
Due to Other Funds	4,384	583,674
Other Accruals	-	-
<b>TOTAL LIABILITIES</b>	<u>67,299</u>	<u>831,624</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenue	651,819	466,514
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>651,819</u>	<u>466,514</u>
<b>FUND BALANCE</b>		
Reserve for Inventory	-	-
Reserve for Compensated Balances	-	-
Unreserved		
Undesignated	1,050,291	(202,021)
<b>TOTAL FUND BALANCE</b>	<u>1,050,291</u>	<u>(202,021)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>1,769,409</u>	<u>1,096,116</u>

**CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2022**

	<u>2023</u>		<u>2022</u>		
	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Budget Variance</b>	<b>Actual</b>
	<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>					
Taxes					
Ad valorem- Current	1,171,218	1,171,218	1,112,687	(58,531)	917,049
Ad valorem- Delinquent	79,785	79,785	89,185	9,400	21,438
Ad valorem- Penalty & Interest	48,395	48,395	67,775	19,380	70,422
Attest Fees	-	-	-	-	-
City Sales	1,108,859	1,108,859	1,036,252	(72,607)	1,006,305
Street Maintenance Sales Tax	41,518	41,518	39,286	(2,232)	41,062
EDC Monthly Expense Fee	-	-	-	-	-
Franchise	189,191	189,191	194,343	5,152	205,628
Other	-	-	-	-	-
<b>Total Taxes</b>	<b>2,638,966</b>	<b>2,638,966</b>	<b>2,539,528</b>	<b>(99,438)</b>	<b>2,261,903</b>
Licenses and Permits					
Animal Licenses	140	140	320	180	750
Business Licenses	680	680	5,073	4,393	2,145
Building Permits	37,517	37,517	22,942	(14,575)	27,294
Electrical Permits	5,780	5,780	3,411	(2,369)	8,297
Plumbing Permits	2,310	2,310	3,771	1,461	6,147
Other Permits	5,073	5,073	2,658	(2,415)	5,040
Mechanical Permits	1,714	1,714	2,632	918	3,270
<b>Total Licenses and Permits</b>	<b>53,214</b>	<b>53,214</b>	<b>40,805</b>	<b>(12,409)</b>	<b>52,943</b>
Intergovernmental	-	-	16,833	16,833	23,268
<b>Total Intergovernmental</b>	<b>-</b>	<b>-</b>	<b>16,833</b>	<b>16,833</b>	<b>23,268</b>

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2022

	2023			2022	
	BUDGETED AMOUNTS		Actual	Budget Variance	Actual
	Original	Final			
<b>REVENUES</b>					
Charges for Services					
Rural Fire Calls	38,063	38,063	53,800	15,737	100,377
Jury Reimbursement Fees	-	-	-	-	-
Weed Control Charges	-	-	-	-	-
Rec Machine Tax	-	-	-	-	-
Mixed Beverage Tax	4,390	4,390	5,462	1,072	5,101
Child Safety Fee	-	-	6,605	6,605	4,553
Refuse Services	503,252	503,252	511,337	8,085	501,348
Tax Certificate	-	-	-	-	-
Other Revenue	-	-	-	-	13,220
<b>Subtotal</b>	<b>545,705</b>	<b>545,705</b>	<b>577,204</b>	<b>31,499</b>	<b>624,599</b>
Other Revenues					
Other/Municipal Court Fines	25,185	25,185	31,457	6,272	24,070
Interest	1,163	1,163	1,945	782	625
EMS Billings/Contributions	394,515	394,515	436,816	42,301	425,837
Attorney Fees	-	-	-	-	-
Animal Control Fees	1,490	1,490	139	(1,351)	-
Cash Over/Short	-	-	-	-	-
Court Fees	11,228	11,228	3,740	(7,488)	3,880
Sale of Assets	-	-	-	-	-
Miscellaneous - Arpa - Slfrf	1,545	1,545	254,729	253,184	9,611
Other Fees	-	-	-	-	200
Copy & Map Sales	-	-	-	-	-
Insurance Refund	-	-	14,047	14,047	2,171
Debt Share from Other Funds	-	-	-	-	-
Juvenile Case Manager	-	-	-	-	-
County EMS Subsidy	60,000	60,000	63,090	3,090	70,693
LEOSE	-	-	-	-	-
State Revenues	22,892	22,892	28,314	5,422	16,963
City Property/Bldg Rental/Land Use	-	-	-	-	-
<b>Subtotal</b>	<b>518,018</b>	<b>518,018</b>	<b>834,277</b>	<b>316,259</b>	<b>554,051</b>
<b>Total Revenues</b>	<b>3,755,903</b>	<b>3,755,903</b>	<b>4,008,648</b>	<b>252,745</b>	<b>3,598,926</b>
OTHER SOURCES- Operating Transfers					
Capital - related Debt Issued	-	-	-	-	-
Transfers In	220,982	220,982	-	(220,982)	233,704
<b>Total Operating Transfers</b>	<b>220,982</b>	<b>220,982</b>	<b>-</b>	<b>(220,982)</b>	<b>233,704</b>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>3,976,885</b>	<b>3,976,885</b>	<b>4,008,648</b>	<b>31,763</b>	<b>3,750,468</b>

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2022

	2023			
	BUDGETED AMOUNTS		Personnel Costs	Supplies & Services
	Original	Final		
Current Expenditures				
General Administration				
Municipal Court	115,808	115,808	8,106	45,043
Administration	740,847	740,847	192,133	258,358
<b>Total General Administration</b>	<b>856,655</b>	<b>856,655</b>	<b>200,238</b>	<b>303,401</b>
Public Safety				
Police	1,115,333	1,115,333	527,031	215,491
Fire	78,323	78,323	2,463	36,490
Emergency Medical Services	823,536	823,536	344,059	216,029
Animal Control	65,737	65,737	21,252	23,419
Code Enforcement	53,699	53,699	16,170	1,837
<b>Total Public Safety</b>	<b>2,136,628</b>	<b>2,136,628</b>	<b>910,974</b>	<b>493,267</b>
Public Works				
Streets Department	952,298	952,298	135,632	191,183
<b>Total Public Works</b>	<b>952,298</b>	<b>952,298</b>	<b>135,632</b>	<b>191,183</b>
Sanitation				
Sanitation	-	-	-	351,062
<b>Total Sanitation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,062</b>
Culture and Recreation				
Library	-	-	-	-
Parks	143,324	143,324	40,548	41,439
<b>Total Parks and Recreation</b>	<b>143,324</b>	<b>143,324</b>	<b>40,548</b>	<b>41,439</b>
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Current Expenditures</b>	<b>4,088,905</b>	<b>4,088,905</b>	<b>1,287,393</b>	<b>1,380,351</b>
Transfer Out	28,717	28,717	-	-
Prior Period Adjustment				

EXHIBIT H-3

			2023	2022
<u>Debt Service</u>	<u>Capital Outlay/Transfers</u>	<u>Total Actual</u>	<u>Final Budget Variance</u>	<u>Actual</u>
-	-	53,149	62,659	79,790
-	-	450,490	290,357	821,675
<u>-</u>	<u>-</u>	<u>503,639</u>	<u>353,016</u>	<u>901,465</u>
-	-	742,522	372,811	1,024,211
-	-	38,953	39,370	76,595
-	-	560,088	263,448	830,241
-	-	44,671	21,066	75,518
-	-	18,007	35,692	51,918
<u>-</u>	<u>-</u>	<u>1,404,242</u>	<u>732,386</u>	<u>2,058,483</u>
-	-	326,814	625,484	534,602
<u>-</u>	<u>-</u>	<u>326,814</u>	<u>625,484</u>	<u>534,602</u>
-	-	351,062	(351,062)	375,927
<u>-</u>	<u>-</u>	<u>351,062</u>	<u>(351,062)</u>	<u>375,927</u>
-	-	-	-	-
-	5,772	87,759	55,565	113,451
<u>-</u>	<u>5,772</u>	<u>87,759</u>	<u>55,565</u>	<u>113,451</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>5,772</u>	<u>2,673,516</u>	<u>1,415,389</u>	<u>3,983,929</u>
<u>-</u>	<u>82,820</u>	<u>82,820</u>	<u>(54,103)</u>	<u>-</u>

202,021

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**CITY OF MATHIS, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2023 AND 2022**

**Exhibit H-4**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	57,403	48,491
Receivables and Allowances		
Ad Valorem Taxes	270,685	323,749
Allowance for Uncollectible Taxes	(62,235)	(74,435)
Due from Other Funds	<u>380,104</u>	<u>360,274</u>
<b>TOTAL ASSETS</b>	<u><u>645,958</u></u>	<u><u>658,079</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	145,931
Due to Others	-	-
Due to Other Funds	-	-
Deferred Tax Revenue	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>-</u></u>	<u><u>145,931</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenues	<u>208,450</u>	<u>249,314</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>208,450</u></u>	<u><u>249,314</u></u>
<b>FUND BALANCE</b>		
Reserve for Debt Service	<u>437,508</u>	<u>262,834</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u><u>645,958</u></u>	<u><u>658,079</u></u>

## DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2023

	2023				2022
	BUDGETED AMOUNTS		Final		Actual
	Original	Final	Actual	Budget Variance	
<b>REVENUES</b>					
Ad valorem Taxes	432,842	432,842	392,744	(40,098)	350,948
Ad valorem- Penalty & Interest	19,562	19,562	26,740	7,178	28,138
Total Ad valorem Taxes	452,404	452,404	419,484	(32,920)	379,086
CO 2003 MEDC Split	-	-	-	-	-
In Lieu Taxes	-	-	-	-	-
Interest	-	-	214	214	77
<b>Total Revenues</b>	<u>452,404</u>	<u>452,404</u>	<u>419,699</u>	<u>(32,705)</u>	<u>379,163</u>
<b>EXPENDITURES</b>					
Other Services and Charges	-	-	-	-	-
Debt Service					
Principal Retirement	285,000	285,000	307,070	(22,070)	287,232
Interest and Fiscal Charges	185,000	185,000	200,243	(15,243)	197,315
<b>Total Expenditures</b>	<u>470,000</u>	<u>470,000</u>	<u>507,313</u>	<u>(37,313)</u>	<u>484,547</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(17,596)</u>	<u>(17,596)</u>	<u>(87,614)</u>	<u>(70,018)</u>	<u>(105,384)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Financing - Bonds	-	-	-	-	-
Other Sources- Transfers (Out)	-	-	-	-	-
Other Sources- Transfers In	100,000	100,000	116,356	16,356	110,263
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>100,000</u>	<u>116,356</u>	<u>16,356</u>	<u>110,263</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>82,404</u>	<u>82,404</u>	<u>28,742</u>	<u>(53,662)</u>	<u>4,879</u>
FUND BALANCE, beginning of year	262,834	262,834	262,834	-	257,955
Prior Period Adjustment	-	-	145,931	145,931	-
<b>FUND BALANCE -RESTATED</b>	<u>262,834</u>	<u>262,834</u>	<u>408,766</u>	<u>145,931</u>	<u>257,955</u>
<b>FUND BALANCE, end of year</b>	<u><u>345,238</u></u>	<u><u>345,238</u></u>	<u><u>437,508</u></u>	<u><u>291,863</u></u>	<u><u>262,834</u></u>

SCHEDULES – NON-MAJOR GOVERNMENTAL FUNDS

**CITY OF MATHIS, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2023  
WITH COMPARATIVE TOTALS FOR 2022**

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Street Improvements Fund</u>	<u>Various Grant Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	1,683	-	47,193	803,476
Receivables	-	-	19,301	-
Due from Other Governments	-	-	-	1,236,775
Due from Other Funds	6,337	6,373	365,152	-
<b>TOTAL ASSETS</b>	<u>8,020</u>	<u>6,373</u>	<u>431,646</u>	<u>2,040,251</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	-	-	-	590,760
Due to Others	-	-	-	523,621
Due to Other Funds	-	-	-	869,359
Deferred Revenue	-	-	-	45,764
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,029,504</u>
<b>FUND BALANCE</b>				
Committed for Special Revenue	-	-	-	-
Assigned for Special Revenue	8,020	6,373	431,646	10,746
Restricted for Debt Service	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>8,020</u>	<u>6,373</u>	<u>431,646</u>	<u>10,746</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>8,020</u>	<u>6,373</u>	<u>431,646</u>	<u>2,040,251</u>

EXHIBIT H-6

Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Total Governmental Funds	Total Nonmajor
			2023	2022
44,512	52,172	-	949,035	1,223,167
-	-	-	19,301	31,707
-	-	-	1,236,775	-
-	58,480	-	436,343	701,201
<u>44,512</u>	<u>110,652</u>	<u>-</u>	<u>2,641,453</u>	<u>1,956,075</u>
-	3,838	-	594,599	164,590
-	-	-	523,621	110,115
-	-	-	869,359	78,146
-	-	-	45,764	1,169,465.23
<u>-</u>	<u>3,838</u>	<u>-</u>	<u>2,033,343</u>	<u>1,522,316</u>
-	-	-	-	-
44,512	106,813	-	608,111	433,759
-	-	-	-	-
<u>44,512</u>	<u>106,813</u>	<u>-</u>	<u>608,111</u>	<u>433,759</u>
<u>44,512</u>	<u>110,652</u>	<u>-</u>	<u>2,641,453</u>	<u>1,956,075</u>

**CITY OF MATHIS, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2023  
WITH COMPARATIVE TOTALS FOR 2022**

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Street Improvements Fund</u>	<u>Various Grant Funds</u>
<b>REVENUE</b>				
Taxes	-	-	-	-
Intergovernmental	-	910	77,087	1,565,738
Interest	75	-	778	-
Other	1,207	-	-	-
<b>TOTAL REVENUES</b>	<u>1,281</u>	<u>910</u>	<u>77,865</u>	<u>1,565,738</u>
<b>EXPENDITURES</b>				
Current				
Personnel Costs	-	-	-	1,171,870
Supplies	-	-	144	2,820
Other Services and Charges	-	-	-	348,000
Capital Outlay	-	-	-	43,048
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>144</u>	<u>1,565,738</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,281	910	77,721	-
<b>OTHER FINANCE SOURCES (USES)</b>				
OTHER FINANCING - Bonds	-	-	-	-
Transfer In from Other Funds	-	-	-	-
Transfer (Out) to Other Funds	-	-	(66,030)	-
<b>TOTAL OTHER FINANCE SOURCES(USES)</b>	<u>-</u>	<u>-</u>	<u>(66,030)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REV. AND OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	1,281	910	11,691	-
<b>FUND BALANCE, beginning of year</b>	6,739	5,463	419,955	10,746
Remitted to Grantor	-	-	-	-
Prior Period Adjustment	-	-	-	-
<b>FUND BALANCE, end of year</b>	<u>8,020</u>	<u>6,373</u>	<u>431,646</u>	<u>10,746</u>

EXHIBIT H-7

Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Nonmajor Governmental Funds	
			2023	2022
-	84,252	-	84,252	86,485
-	-	-	1,643,736	1,224,156
-	369	-	1,221	642
-	-	-	1,207	70,195
<b>-</b>	<b>84,621</b>	<b>-</b>	<b>1,730,416</b>	<b>1,381,478</b>
-	-	-	1,171,870	4,741.59
-	-	-	2,964	-
-	30,044	-	378,044	1,056,367
-	-	-	43,048	22,065.00
<b>-</b>	<b>30,044</b>	<b>-</b>	<b>1,595,926</b>	<b>1,083,173</b>
-	54,577	-	134,489	298,304
-	-	-	-	-
40,815	-	-	40,815	-
-	(8,321)	-	(74,351)	(177,555)
<b>40,815</b>	<b>(8,321)</b>	<b>-</b>	<b>(33,536)</b>	<b>(177,555)</b>
40,815	46,256	-	100,953	120,749
3,697	60,558	(73,398)	433,759	313,010
-	-	-	-	-
-	-	73,398	73,398.00	-
<b>44,512</b>	<b>106,813</b>	<b>-</b>	<b>608,111</b>	<b>433,759</b>

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ENTERPRISE FUNDS

**CITY OF MATHIS, TEXAS  
COMPARATIVE STATEMENTS OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2023 AND 2022**

**EXHIBIT I-1**  
Page 1 of 2

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	58,678	26,165
Receivables and Allowances		
Accounts		
Water and Wastewater Billings	445,596	355,644
Assessments	-	-
Other	-	-
Allowance for Uncollectible Accounts	-	-
Due from Other Funds	428,541	34,062
Bond Issue Cost (Net)	-	-
Prepaid Items	-	-
Inventory	-	-
	<u>932,815</u>	<u>415,871</u>
<b>Total Current Assets</b>		
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents		
Meter Deposit Funds	21,222	20,282
Revenue Bond Reserve	1	1
Sinking Fund- Bonds	-	-
<b>Total Restricted Assets</b>	<u>21,223</u>	<u>20,283</u>
Net Pension Asset (liability)	86,638	346,620
<b>Capital Assets:</b>		
Land	12,412	12,412
Construction in Progress	1,448,113	-
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	344,743	289,543
	<u>13,746,239</u>	<u>12,242,927</u>
<b>Total Capital Assets</b>		
Less Accumulated Depreciation	(5,289,986)	(5,059,600)
Net Capital Assets	<u>8,456,253</u>	<u>7,183,326</u>
<b>TOTAL ASSETS</b>	<u>9,496,930</u>	<u>7,966,101</u>
Deferred Resource Outflows 68	16,715	19,727
Deferred Resource Outflows 75	5,318	11,907

**CITY OF MATHIS, TEXAS  
COMPARATIVE STATEMENTS OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2023 AND 2022**

**EXHIBIT I-1**  
Page 2 of 2

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	-	53,732
Accrued Liabilities	-	-
Compensated Absences	26,668	35,290
Due to Other Funds	710,710	300,505
Capital Leases Payable	-	-
Current Portion of Revenue Bonds Payable	18,000	17,000
Customer Meter Deposits	105,558	108,233
<b>Total Current Liabilities</b>	<u>860,936</u>	<u>370,114</u>
<b>Long-Term Liabilities</b>		
Net Pension Liability	7,412	53,554
Capital Leases Payable	-	-
Revenue Bonds Payable	748,000	766,000
<b>Total Long-Term Liabilities</b>	<u>755,412</u>	<u>827,103</u>
<b>Total Liabilities</b>	<u>1,616,348</u>	<u>1,334,313</u>
Deferred Resource Inflows 68	5,610	5,302
Deferred Resource Inflows 75	11,925	82,670
<b>NET POSITION</b>		
Invested in Capital Assets	7,711,476	6,420,610
Restricted for:		
Revenue Bond Retirement/Other	-	0
Unrestricted	173,603	154,841
<b>Net Position</b>	<u>7,885,080</u>	<u>6,575,451</u>

**CITY OF MATHIS, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
UTILITY FUND  
YEAR ENDED SEPTEMBER 30, 2023 AND 2022**

**EXHIBIT I-2**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for Services		
Water Sales	1,059,823	976,083
Sewer Sales	588,915	520,567
Meter tap/reconnect fees	24,036	22,783
Other Fees and Charges	16,301	12,104
<b>Total Operating Revenues</b>	<u>1,689,075</u>	<u>1,531,538</u>
<b>OPERATING EXPENSES</b>		
Personnel Costs	684,023	579,442
Contracted Services	29,286	10,497
Supplies	10,882	13,287
Maintenance	227,687	199,374
Other Operating Expenses	437,615	436,495
Water Purchased	201,926	226,210
Depreciation	197,320	182,250
Amortization	-	-
<b>Total Operating Expenses</b>	<u>1,788,739</u>	<u>1,647,554</u>
<b>Net Operating Income</b>	<u>(99,664)</u>	<u>(116,016)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Refunding Bonds Issued	-	-
Payments to Escrow Agents	-	-
Grant Income	1,288,422	543,614
Interest Income	1,545	245
Interest and Fiscal Charges	(34,256)	(35,000)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>1,255,710</u>	<u>508,859</u>
<b>Income Before Transfers</b>	<u>1,156,047</u>	<u>392,843</u>
Transfers in	-	-
Transfers out	-	(166,412)
<b>Change in Net Position</b>	<u>1,156,047</u>	<u>226,431</u>
Prior Period Adjustment	153,582	-
<b>NET POSITION BEGINNING OF YEAR</b>	<u>6,575,451</u>	<u>6,349,020</u>
<b>NET POSITION END OF YEAR</b>	<u>7,885,080</u>	<u>6,575,451</u>

**CITY OF MATHIS, TEXAS**  
**UTILITY FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND**  
**YEAR ENDED SEPTEMBER 30, 2023**

**EXHIBIT I-3**

	Utility-Water Fund 80	Utility-Wastewater Fund	Customer Service 90	Meter Deposit	Total
<b>OPERATING REVENUES</b>					
Charges for Services					
Water Sales	1,053,925	-	-	-	1,053,925
Sewer Sales	586,577	-	-	-	586,577
Meter Tap/Reconnect Fees/Mtr Deposits	24,036	-	-	-	24,036
Water Taps	5,899	-	-	-	5,899
Sewer Taps	2,338	-	-	-	2,338
Total Charges for Services	<u>1,672,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,672,774</u>
Other Fees and Charges					
Delinquent Account Penalties	14,430	-	-	-	14,430
Reimbursement	-	-	-	-	-
Other	1,871	-	-	-	1,871
Total Other Fees and Charges	<u>16,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,301</u>
Total Operating Revenues	<u>1,689,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689,075</u>
<b>OPERATING EXPENSES</b>					
Personnel Costs - Water	489,887	-	-	-	489,887
Personnel Costs- Waste Water	194,136	-	-	-	194,136
Contracted Services	29,286	-	-	-	29,286
Supplies	10,882	-	-	-	10,882
Maintenance	227,687	-	-	-	227,687
Other Operating Expenses - Water	312,531	-	-	-	312,531
Other Operating Expenses- Waste Water	125,084	-	-	-	125,084
SUBTOTAL	<u>1,389,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,389,493</u>
Water Purchased	201,926	-	-	-	201,926
Depreciation	197,320	-	-	-	197,320
Amortization	-	-	-	-	-
Total Operating Expenses	<u>1,788,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,788,739</u>
NET OPERATING INCOME	<u>(99,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,664)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Refunding Bonds Issued	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-
Grant Income	1,288,422	-	-	-	1,288,422
Interest Income	1,545	-	-	-	1,545
Interest and Fiscal Charges	(34,256)	-	-	-	(34,256)
Net Non-Operating Revenues (Expenses)	<u>1,255,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255,710</u>
Income Before Transfers	<u>1,156,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,047</u>
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Change in Net Position	<u>1,156,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,047</u>
Prior Period Adjustment	153,582	-	-	-	153,582
NET POSITION BEG. OF YEAR	<u>6,575,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,575,451</u>
NET POSITION END OF YEAR	<u>7,885,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,885,080</u>

**CITY OF MATHIS, TEXAS  
COMPARATIVE STATEMENTS OF CASH FLOWS  
UTILITY FUND  
YEAR ENDED SEPTEMBER 30, 2023 AND 2022**

**EXHIBIT I-4**

	<u>2023</u>	<u>2022</u>
<b>Cash flow from operating activities:</b>		
Cash received from customers	1,204,644	1,532,138
Cash payments to suppliers for goods and services	(553,597)	(759,978)
Cash payments to employees for services	(692,645)	(560,681)
Net cash provided by operating activities	<u>(41,598)</u>	<u>211,479</u>
<b>Cash flows from noncapital financing activities:</b>		
Net transfers to funds	-	(166,412)
<b>Net Cash flows from non-capital financing activities</b>	<u>-</u>	<u>(166,412)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Net Refunds bonds/costs	-	-
Grant Proceeds	1,288,422	543,614
Principal Payment on bonds	(17,000)	(17,000)
Interest and Fiscal Charges Paid	(34,256)	(35,000)
Purchase of Fixed Assets/Bond Costs	(1,503,313)	(466,370)
Other adjustments	<u>339,653</u>	<u>(197,153)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>73,506</u>	<u>(171,909)</u>
<b>Cash Flows from Investing Activities- Interest Income</b>	<u>1,545</u>	<u>245</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	33,453	(126,598)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>46,448</u>	<u>173,046</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>79,901</u></u>	<u><u>46,448</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
<b>Operating Income</b>	(99,664)	(116,016)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	197,320	182,250
Amortization	-	-
<b>Change in Assets and Liabilities:</b>		
(Increase) Decrease in Accounts Receivable (Net)	(89,952)	(10,111)
(Increase) Decrease in Due from Other Funds	(394,479)	10,711
(Increase) Decrease in Due from Other Governments	-	-
(Increase) Decrease in Prepaid Items	-	-
(Increase) Decrease in Inventory	-	-
Increase (Decrease) in Accounts Payable	(53,732)	33,000
Increase (Decrease) in Accrued Liabilities	-	-
Increase (Decrease) in Due to Other Funds	410,205	98,582
Increase (Decrease) in Capital Leases Payable	-	-
Increase (Decrease) in Compensated Absences	(8,622)	18,761
Increase (Decrease) in Customer Deposits	<u>(2,674)</u>	<u>(5,698)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>(41,598)</u></u>	<u><u>211,479</u></u>

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

FEDERAL AWARDS SECTION

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**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

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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 February 13, 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 2023-001, 2023-002 and 2023-003 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 2023-004.

**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 items 2023-001 to 2023-004.

**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

February 13, 2025





**ERNEST R. GARZA  
AND COMPANY, P.C.**  
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**Single Audit Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance—with Unmodified Opinion on Compliance for Each Major Federal Program; Material Weaknesses but No Significant Deficiencies Identified**

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

February 13, 2025

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

**Report on Compliance for Each Major Federal Program  
*Opinion on Each Major Federal Program***

We have audited City of Mathis's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Mathis' major federal programs for the year ending September 30, 2023. City of Mathis' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on City's response to the noncompliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Mathis, Texas' response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
February 13, 2025



**CITY OF MATHIS, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FEDERAL GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH NUMBER	EXPENDITURES INDIRECT REFUNDS	PASS THROUGH AMOUNT TO SUB RECIPIENTS
<b>US DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				
<b>THROUGH: Texas Department of Agriculture</b>				
45 Community Development Block Grant	14.228	7219222	\$ -	\$ -
45 Community Development Block Grant	14.228	CDV21-0312	316,500	-
<b>Total Texas Department of Agriculture</b>			<b>\$ 316,500</b>	<b>\$ -</b>
<b>THROUGH: Texas General Land Office</b>				
45 Community Development Block Grant	14.228	22-085-032-D275	1,233,222	-
<b>Total Texas General Land Office</b>			<b>1,233,222</b>	<b>-</b>
<b>Total ALN 14.228</b>			<b>\$ 1,549,722</b>	<b>\$ -</b>
<b>TOTAL U S DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>			<b>\$ 1,549,722</b>	<b>\$ -</b>
<b>US DEPARTMENT OF JUSTICE</b>				
<b>THROUGH: Texas Office of the Governor-CJD</b>				
45 Edward Byrne Memorial JAG Grant Program	16.738	4315401	\$ 43,048	\$ -
<b>TOTAL U. S. DEPARTMENT OF JUSTICE :</b>			<b>\$ 43,048</b>	<b>\$ -</b>
<b>US DRUG ENFORCEMENT ADMINISTRATION</b>				
<b>Direct Grant</b>				
High Intensity Drug Trafficking Areas Grant	95.001	TX2050200	\$ 16,813	\$ -
American Rescue Plan Act SLFRF (ARPA)	21.027	TX3844	<u>1,167,120</u>	
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b>\$ 2,776,703</b>	<b>\$ -</b>

**CITY OF MATHIS, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

STATE GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH NUMBER	EXPENDITURES INDIRECT REFUNDS	PASS THROUGH AMOUNT TO SUB RECIPIENTS
<b>STATE OF TEXAS</b>				
<b>THROUGH: Texas Office of the Governor-HSGD</b>				
45 Operation Lone Star Grant Program	N/a	4631701	\$ <u>36,251</u>	\$ <u>-</u>
<b>LOWER COLORADO RIVER AUTHORITY</b>				
<b>DIRECT GRANT</b>				
45 Community Development Partnership Program	N/a	N/a	\$ <u>-</u>	\$ <u>-</u>
<b>THROUGH: Texas Department of State Health Services</b>				
<b>THROUGH: Coastal Bend Regional Advisory Council</b>				
45 EMS County Grant	N/a	N/a	\$ <u>2,820</u>	\$ <u>-</u>
<b>PORT OF CORPUS CHRISTI</b>				
<b>DIRECT GRANT</b>				
45 EMS Lucas Project Grant	N/a	N/a	\$ <u>-</u>	\$ <u>-</u>
<b>TOTAL STATE AWARD EXPENDITURES</b>			<b>\$ <u>39,071</u></b>	<b>\$ <u>-</u></b>
<b>TOTAL FEDERAL AND STATE AWARD EXPENDITURES</b>			<b>\$ <u>2,815,774</u></b>	<b>\$ <u>-</u></b>

CITY OF MATHIS  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2023

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

- \* The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- \* The City must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the City) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)).

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)).

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of the City. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

CITY OF MATHIS  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2023

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

None of the federal programs expended by the City were provided to sub-recipients. The City did not elect to apply the 10% de minimis indirect cost rate as described at 2 CFR §200.414(f) – Indirect (F&A) costs.

CITY OF MATHIS, TEXAS  
Schedule of Prior Audit Findings  
For The Year Ended September 30, 2023

**Finding No. 2022-001.**

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 should contract experienced governmental accountants to assist the City's staff with the reconciliations of the financial statements.

**Finding No. 2022-002**

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.

**Finding No. 2022-003**

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. 2022-004**

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 need to work on updating the fixed asset to ascertain the accuracy of its fixed assets.

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I. Above**

2022-001 and 2022-002

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CITY OF MATHIS, TEXAS  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2023

**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

Federal Awards

Internal Control over major programs:

Material weakness (es) identified?	<u> X </u> . Yes	<u>   </u> . No
Significant deficiencies identified not considered to be material weaknesses?	<u>   </u> . Yes	<u> X </u> . No
Noncompliance material to financial statements noted?	<u>   </u> . Yes	<u> X </u> . No

An unmodified opinion was issued regarding compliance and internal controls.  
 An unmodified opinion was issued regarding compliance for the major award program of  
 Community Development Block Grant – 14.228

Any audit findings disclosed that are required to be reported in accordance with section 200.516  
 of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements,  
 Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

   . Yes       X  . No

Major programs:

Community Development Block Grant – 14.228  
 American Rescue Plant Act - 21.027

An unmodified opinion was issued regarding compliance and internal controls.

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.  
 The district was not classified as a low auditee in context of the Uniform Guidance.

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

**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 should contract experienced governmental accountants to assist the City's staff with the reconciliations of the financial statements.

**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.

**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 need to work on updating the fixed asset to ascertain the accuracy of its fixed assets.

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I. Above**

2023-001 and 2023-002

CITY OF MATHIS, TEXAS  
Corrective Action Plan  
For The Year Ended September 30, 2023

Corrective Action Plan – 2023-001. The City will work on obtaining an experienced governmental accountant to ensure the financials are timely maintained. Contact – City Manager, 361-547-3343.

Corrective Action Plan – 2023-002. The City will work on obtaining an experienced governmental accountant to ensure the financials grants are maintained in a fund basis or deferent the grants. Contact – City Manager, 361-547-3343.

Corrective Action Plan – 2023-003. The City will work on reimbursing the Debt Service Fund. Contact – City Manager, 361-547-3343.

Corrective Action Plan – 2023-004. The City office will work with City staff and the various departments to work on updating the City's fixed assets. Contact – City Manager, 361-547-3343.