

CITY OF EDGEWOOD, TEXAS

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2023

Mayor
Steve Steadham



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

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Principal Officials..... 2

FINANCIAL SECTION

Independent Auditor's Report..... 4

A. Management Discussion and Analysis..... 7

B. Basic Financial Statements

 Government-wide Financial Statements:

 Statement of Net Position..... 17

 Statement of Activities..... 18

 Governmental Fund Financial Statements:

 Balance Sheet - Governmental Fund..... 20

 Reconciliation of the Governmental Fund

 Balance Sheet to the Statement of Net Position..... 21

 Statement of Revenues, Expenditures, and Changes in

 Fund Balances - Governmental Fund..... 22

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in

 Fund Balance of Governmental Fund to the Statement of Activities..... 23

 Proprietary Fund Financial Statements:

 Statement of Net Position - Proprietary Fund..... 24

 Statement of Revenues, Expenses, and Changes in

 Net Position - Proprietary Fund..... 25

 Statement of Cash Flows - Proprietary Fund..... 26

 Notes to the Financial Statements 27

C. Required Supplementary Information:

 Schedule of Revenues, Expenditures, and Changes in

 Fund Balances - General Fund - Budget and Actual..... 50

 TMRS Funding Progress and Contributions..... 51

 Schedule of Changes in Net Pension Liability..... 52

 Schedule of Changes in OPEB Liability and Related Ratios - TMRS..... 53

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

TABLE OF CONTENTS

Page

D. Supplementary Information:

Discretely Presented Component Unit:

Balance Sheet - Component Unit - Economic Development Corporation.....	56
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position - Economic Development Corporation.....	57
Statement of Revenues, Expenditures and Changes in Fund Balance - Component Unit Economic Development Corporation.....	58
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities - Economic Development Corporation.....	59

INTRODUCTORY SECTION

**CITY OF EDGEWOOD, TEXAS
PRINCIPAL OFFICIALS
September 30, 2023**

City Council

Steve Steadham	Mayor
Jack Pendleton	Place 1
Inez Goggans	Place 2
Keith Rogers	Place 3
Ruby Smith	Place 4
Louis Dunn	Place 5

City Staff

City Administrator	Petra Marley
City Secretary	Kathleen Jordan
Police Chief	David Hammonds
City Judge	Maria Gullett
Fire Chief	Jared Cooper
Water Clerk	Missy Malone

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA
266 RCR 1397
Point, Texas 75472

(903) 269-6211
mward@mikewardcpa.com

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Edgewood, Texas
107 NE Front Street
Edgewood, Texas 75117

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edgewood, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Edgewood, Texas' basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edgewood, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Edgewood, Texas, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edgewood, 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

My objective is 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 my opinions.

Reasonable assurance is a high level of assurance but 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 override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Edgewood, 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edgewood, Texas' ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 and budgetary comparison information be presented to supplement that basis financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

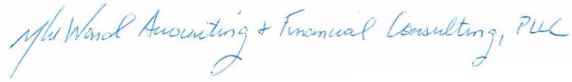
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edgewood, Texas' basic financial statements. The individual component unit financial statements are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Respectfully Submitted,

A handwritten signature in blue ink that reads "Mike Ward Accounting & Financial Consulting, PLLC". The signature is written in a cursive style.

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas

January 8, 2024

CITY OF EDGEWOOD, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023

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

Financial Highlights

- The assets of the City of Edgewood exceeded its liabilities at the close of the fiscal year by \$5,529,955 (net position). Of this amount, \$2,431,002, or 43.96%, is net investment in capital assets which do not directly generate revenue, and are not available to generate liquid capital. Net position restricted for specific purposes total \$1,933,099, or 34.96%. The remaining \$1,165,854, or 21.08%, is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$347,066 during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,023,850, an increase of \$228,863, or 29%, in comparison with the prior year. Approximately 92% of this total amount, or \$944,278, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance of the General Fund of \$944,278 was 88% of total General Fund expenditures for the fiscal year.
- The City's total long-term obligations increased by \$289,078, or 12%, during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Edgewood.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Basic Financial Statements

The first two statements (pages 16-19) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 20-26) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

The next section of the basic financial statements is the **notes** (pages 27-48). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 49-53) is provided to show details about the City's pension plan.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are activities that the City charges customers for the service. This includes the utility services offered by the City of Edgewood. The final category is the component unit. The City has one component unit: Edgewood Economic Development Corporation ("EDC").

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Edgewood, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Edgewood can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what funds are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

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

The City of Edgewood adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Schedule of Revenues, Expenditures, and changes in Fund Balance-Budget to Actual-General Fund are on page 50 of this report.

Proprietary Funds – The City of Edgewood has one type of proprietary fund which is the Water & Sewer Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported, in the Statement of Net Position and the Statement of Activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27-48 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Edgewood's progress in funding its obligation to provide pension benefits to its employees. This information is found on pages 49-53.

Supplementary Information – Fund financial statements for the component unit can be found on pages 54-58.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$1,069,538	\$ 1,011,274	\$2,444,981	\$ 1,917,272	\$ 3,514,519	\$ 2,928,546
Capital assets	2,008,243	2,095,181	3,063,378	3,047,841	5,071,621	5,143,022
Total assets	3,077,781	3,106,455	5,508,359	4,965,113	8,586,140	8,071,568
Deferred outflow of resources						
Pension	52,476	21,346	41,612	16,905	94,088	38,251
Current liabilities	21,301	191,903	263,900	215,850	285,201	407,753
Long-term liabilities	784,611	859,396	1,990,022	1,570,033	2,774,633	2,429,429
Total liabilities	805,912	1,051,299	2,253,922	1,785,883	3,059,834	2,837,182
Deferred inflow of resources						
Pension	26,829	26,417	21,215	20,936	48,044	47,353
Net position:						
Net investment in capital assets	1,302,741	1,283,627	1,128,261	1,507,854	2,431,002	2,791,481
Restricted	79,572	34,451	1,895,922	1,388,054	1,975,494	1,422,505
Unrestricted	915,203	732,007	250,651	279,291	1,165,854	1,011,298
Total net position	\$2,297,516	\$ 2,050,085	\$3,274,834	\$ 3,175,199	\$ 5,572,350	\$ 5,225,284

As noted earlier, net position may serve over time as one useful indicator of the City's financial condition. The assets of the City of Edgewood exceeded its liabilities by \$5,572,350 as of September 30, 2023. The City's net position increased by \$347,066, or 7%, for the fiscal year ended September 30, 2023

Net investment in capital assets:

The largest portion of the City's net position, 43.63%, or \$2,431,002, reflects the City's investment in capital assets, (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Edgewood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewood's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities

Restricted net position:

Restricted net position of \$1,975,494, representing 35.45% of total net position, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of \$24,289, or 1%, for state imposed restrictions, \$88,857, or 4%, for debt service, \$1,807,065, or 91%, for capital projects, \$2,083, or %, for for parks, and \$8,969, or %, for police.

Unrestricted net position:

Unrestricted net position in the amount of \$1,165,854, or 20.92%, of total net position, is available to fund the City's programs to citizens and creditors.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUE						
Program Revenues:						
Charges for Services	\$ 40,644	\$ 50,345	\$ 965,222	\$ 956,434	\$ 1,005,866	\$ 1,006,779
Grant Revenue	70,680	107,502	148,203	55,810	218,883	163,312
General Revenues:						
Property Taxes including P&I	519,576	480,891	-	-	519,576	480,891
Sales Tax Collected	484,015	419,145	-	-	484,015	419,145
Franchise Fees	74,018	69,028	-	-	74,018	69,028
Investment Income	1,844	273	542	515	2,386	788
Sale of assets	-	164,427	-	-	-	164,427
Miscellaneous	19,674	4,930	19,747	19,935	39,421	24,865
Total Revenues	1,210,451	1,296,541	1,133,714	1,032,694	2,344,165	2,329,235
EXPENSES						
Program Expenses:						
General Government	236,251	240,464	-	-	236,251	240,464
Public Safety	389,547	377,669	-	-	389,547	377,669
Parks	41,800	37,327	-	-	41,800	37,327
Public Works	344,298	348,045	-	-	344,298	348,045
Public Services and Operations	33,397	29,908	-	-	33,397	29,908
Interest and Fiscal Agent Fees	11,977	14,181	-	-	11,977	14,181
Water and Sewer	-	-	939,829	917,489	939,829	917,489
Total Expenses	1,057,270	1,047,594	939,829	917,489	1,997,099	1,965,083
Increase (Decrease) in Net Position before Transfers	153,181	248,947	193,885	115,205	347,066	364,152
Transfers	94,250	-	(94,250)	-	-	-
Increase (Decrease) in Net Position	247,431	248,947	99,635	115,205	347,066	364,152
Net Position October 1	2,050,085	1,801,138	3,175,199	3,059,994	5,225,284	4,861,132
Net Position September 30	\$ 2,297,516	\$ 2,050,085	\$ 3,274,834	\$ 3,175,199	\$ 5,572,350	\$ 5,225,284

The Governmental Activities have increased the net position in the current fiscal year by \$247,431, a 12% increase over the prior year.

The Business-type Activities increased the net position in the current fiscal year by \$99,635, a 3.14% increase from the prior year.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Financial Analysis of the City's Funds

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

Governmental Funds - The focus of the City of Edgewood's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Edgewood's financing requirements. Specifically, unrestricted fund balance can be a useful measure of the City's net resources available for spending in subsequent fiscal years.

The General Fund is the chief operating fund of the City of Edgewood. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,023,850, an increase of \$228,863. A total of \$944,278, or 92%, is unassigned and can be used for any lawful purpose. The amount of restricted fund balance of \$24,289, or 2%, is restricted for state imposed restrictions related to child safety, court technology, and security, \$2,083, or .2%, is restricted for parks, \$8,969, or 1%, is restricted for the police, \$, or .%, is restricted for capital projects, \$1,836, or .18%, is restricted for a veterans memorial.

As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 88% of total General Fund expenditures.

General Fund Budgetary Highlights: During the fiscal year, the City made no revisions to the original budget. Generally, budget amendments, if made, fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts except in the areas of property taxes and fine revenues. Overall, expenditures were slightly more than budgeted amounts.

Proprietary Funds - The City of Edgewood's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$250,651, and \$1,128,261 was invested in capital assets, less related debt.

**CITY OF EDGEWOOD, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Capital assets - The City of Edgewood's net investment in capital assets for its governmental and business-type activities, as of September 30, 2023, totaled \$5,071,621 (net of accumulated depreciation). This investment in capital assets includes roads, land, machinery, and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$73,849 or, 1%.

Major capital asset transactions during the year include the following:

- Utility truck
- Utility planning and improvements

**Capital Assets
As of September 30, 2023
(net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 35,738	\$ 5,738	\$ 6,000	\$ 6,000	\$ 41,738	\$ 11,738
Machinery & Equipment	154,110	164,694	70,851	37,828	224,961	202,522
Buildings	37,087	49,641	9,210	10,175	46,297	59,816
Infrastructure	1,781,308	1,875,108	2,977,317	2,848,588	4,758,625	4,723,696
Total	\$ 2,008,243	\$ 2,095,181	\$ 3,063,378	\$ 2,902,591	\$ 5,071,621	\$ 4,997,772

More detailed information about the City's capital assets is presented in Note E to the financial statements.

Long-term obligations - As of September 30, 2023, the City of Edgewood had total long-term outstanding obligations of \$2,640,619. This is a increase of \$289,078, or 12%.

**Long-Term Debt
As of September 30, 2023**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Combination Tax and Revenue Certificates of Obligation	\$ 452,371	\$ 478,157	\$ 1,935,117	\$ 1,478,006	\$ 2,387,488	\$ 1,956,163
Notes Payable	253,131	333,397	-	61,981	253,131	395,378
Total	\$ 705,502	\$ 811,554	\$ 1,935,117	\$ 1,539,987	\$ 2,640,619	\$ 2,351,541

More detailed information about the City's long-term liabilities is presented in Note F to the financial statements.

**CITY OF EDGEWOOD
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Economic Factors and Next Year's Budgets and Rates

The FY2023 budget reflects a property tax rate of \$0.5311 per \$100 valuation.

Requests for Information

This report is designed to provide a general overview of the City's finances for those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City of Edgewood, Mayor, P.O. Box 377, Edgewood, TX 75117.

BASIC FINANCIAL STATEMENTS

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 916,393	\$ 480,156	\$ 1,396,549	\$ 238,520
Receivables (net of allowance for uncollectibles)	73,573	68,902	142,475	29,473
Restricted assets:				
Cash and cash equivalents	79,572	1,895,923	1,975,495	-
Capital assets, not being depreciated:				
Land	35,738	6,000	41,738	-
Construction In progress	-	-	-	-
Capital assets, net of accumulated depreciation:				
Machinery & equipment	154,110	70,851	224,961	-
Buildings & improvements	37,087	9,210	46,297	-
Infrastructure	1,781,308	2,977,317	4,758,625	-
Total Assets	3,077,781	5,508,359	8,586,140	267,993
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources-pension	48,233	38,278	86,511	-
Deferred outflow of resources-OPEB	4,243	3,334	7,577	-
Total Deferred Outflow of Resources	52,476	41,612	94,088	-
LIABILITIES				
Customer deposits	-	89,665	89,665	-
Deferred CLFRF funding	-	174,235	174,235	-
Other liabilities	21,301	-	21,301	-
Noncurrent liabilities:				
Due within one year:				
Notes payable	16,969	-	16,969	-
Certificates of obligation	25,786	103,889	129,675	-
Due in more than one year:				
Compensated absences	15,349	4,446	19,795	-
Net pension liability	46,020	36,521	82,541	-
Net OPEB liability	17,740	13,938	31,678	-
Notes payable	236,162	-	236,162	-
Certificates of obligation	426,585	1,831,228	2,257,813	-
Total Liabilities	805,912	2,253,922	3,059,834	-
DEFERRED INFLOW OF RESOURCES				
Deferred inflow of resources-pension	17,169	13,625	30,794	-
Deferred inflow of resources-OPEB	9,660	7,590	17,250	-
Total Deferred Inflow of Resources	26,829	21,215	48,044	-
NET POSITION				
Net investment in capital assets	1,302,741	1,128,261	2,431,002	-
Restricted for:				
Court use	24,289	-	24,289	-
Capital projects	-	1,807,065	1,807,065	-
Grants	42,395	-	42,395	-
Debt service	-	88,857	88,857	-
Parks	2,083	-	2,083	-
Police	8,969	-	8,969	-
Veterans memorial	1,836	-	1,836	-
Unrestricted	915,203	250,651	1,165,854	267,993
Total Net Position	\$ 2,297,516	\$ 3,274,834	\$ 5,529,955	\$ 267,993

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



**CITY OF EDGEWOOD, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2023**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 236,251	\$ 17,317	\$ -	\$ -
Public safety	389,547	756	170	44,998
Parks	41,800	-	-	-
Public services and operations	33,397	22,571	25,512	-
Public works	344,298	-	-	-
Interest on long-term debt	11,977	-	-	-
Total Governmental Activities	1,057,270	40,644	25,682	44,998
Business-type activities:				
Utility services	939,829	965,222	148,203	-
Total Business-type Activities	939,829	965,222	148,203	-
Total Primary Government	1,997,099	1,005,866	173,885	44,998
Component unit:				
Economic Development Corporation	117,151	-	2,970	-
Total Component Unit	\$ 117,151	\$ -	\$ 2,970	\$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Investment income
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

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

Primary Government			
Governmental Activities	Business Activities	Total	Component Unit
\$ (218,934)	\$ -	\$ (218,934)	\$ -
(343,623)	-	(343,623)	-
(41,800)	-	(41,800)	-
14,686	-	14,686	-
(344,298)	-	(344,298)	-
(11,977)	-	(11,977)	-
<u>(945,946)</u>	<u>-</u>	<u>(945,946)</u>	<u>-</u>
-	173,596	173,596	-
-	173,596	173,596	-
<u>(945,946)</u>	<u>173,596</u>	<u>(772,350)</u>	<u>-</u>
-	-	-	(114,181)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114,181)</u>
\$ 519,576	\$ -	\$ 519,576	\$ -
484,015	-	484,015	118,485
74,018	-	74,018	-
1,844	542	2,386	-
19,674	19,747	39,421	9
94,250	(94,250)	-	-
<u>1,193,377</u>	<u>(73,961)</u>	<u>1,119,416</u>	<u>118,494</u>
247,431	99,635	347,066	4,313
2,050,085	3,175,199	5,225,284	263,680
<u>\$ 2,297,516</u>	<u>\$ 3,274,834</u>	<u>\$ 5,572,350</u>	<u>\$ 267,993</u>

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

**CITY OF EDGEWOOD, TEXAS
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 916,393
Receivables (net of allowance for uncollectibles)	73,573
Restricted - cash and cash equivalents	<u>79,572</u>
Total Assets	<u><u>1,069,538</u></u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Other liabilities	<u>21,301</u>
Total Liabilities	<u>21,301</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	<u>24,387</u>
Total Deferred Inflows of Resources	<u>24,387</u>
 FUND BALANCES	
Fund balances	
Restricted For:	
Court use	24,289
Parks	2,083
Grants	42,395
Police	8,969
Veterans memorial	1,836
Unassigned	<u>944,278</u>
Total Fund Balances	<u>1,023,850</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 1,069,538</u></u>

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

**CITY OF EDGEWOOD, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet	\$ 1,023,850
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,140,827
Accumulated depreciation is not included in the governmental fund financial statements.	(2,132,585)
Bonds payable and contractual obligations are not included in the governmental fund financial statements.	(705,502)
Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	24,387
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements.	25,648
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(46,020)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(17,740)
Net position of governmental activities - statement of net position	<u>\$ 2,297,516</u>

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

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund
REVENUE	
Taxes:	
Property taxes, including P&I	\$ 519,576
Sales tax collected	484,015
Franchise taxes	74,018
Fines and forfeitures	21,879
Charges for services	18,764
Grants and contributions	44,998
Donations	25,682
Investment income	1,844
Miscellaneous	19,674
Total Revenues	1,210,450
 EXPENDITURES	
Current:	
General government	223,590
Public safety	426,014
Parks and recreation	820
Public works	219,003
Public services and operations	33,397
Capital outlay:	
Public works	45,886
Debt service:	
Installment payments	106,516
Interest and fiscal agent fees	20,611
Total Expenditures	1,075,837
 Excess (deficiency) of revenues over (under) expenditures	 134,613
 OTHER FINANCING SOURCES (USES)	
Transfers	94,250
Total Other Financing Sources (uses)	94,250
 Net Change in Fund Balances	 228,863
 Fund Balance, October 1	 794,987
Fund Balance, September 30	\$ 1,023,850

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

**CITY OF EDGEWOOD, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds \$ 228,863

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

Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net position. 45,887

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position. (132,824)

Current year long-term debt principal payments on bonds payable and contractual agreements are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements. 106,052

Current year changes in pension expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds. (547)

Change in net position of governmental activities - statement of activities \$ 247,431

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023**

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 480,156
Receivables (net of allowance for uncollectible)	68,902
Total current assets	549,058
Noncurrent assets:	
Restricted cash and cash equivalents	1,895,923
Capital assets:	
Land	6,000
Buildings	319,589
Infrastructure	8,567,583
Machinery & equipment	258,777
Less: accumulated depreciation	(6,088,572)
Total capital assets (net of accumulated depreciation)	3,063,377
Total Assets	5,508,358
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow - pension	38,278
Deferred outflow - OPEB	3,334
Total Deferred Outflows	41,612
LIABILITIES	
Current liabilities:	
Customer deposits - restricted assets	89,665
Deferred CLFRF funding	174,235
Certificates of obligation - current	103,889
Total current liabilities	367,789
Non-current liabilities:	
Net pension liability	36,521
Net OPEB liability	13,938
Certificates of obligation payable	1,831,228
Total non-current liabilities	1,886,133
Total Liabilities	2,253,922
DEFERRED INFLOW OF RESOURCES	
Deferred inflow - pension	13,625
Deferred inflow - OPEB	7,590
Total Deferred Inflows	21,215
NET POSITION	
Net investment in capital assets	1,128,261
Restricted for:	
Debt service	88,857
Capital projects	1,807,065
Unrestricted	250,650
Total net position	\$ 3,274,833

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

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION-PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Utility Fund</u>
OPERATING REVENUES	
Charges for services	\$ 965,222
Federal grant revenue	148,203
Miscellaneous	19,747
Total Operating Revenues	<u>1,133,172</u>
OPERATING EXPENSES	
Administrative services	204,043
Supplies and materials	67,933
Maintenance and repair	92,474
Contractual services	383,588
Depreciation	182,666
Total Operating Expenses	<u>930,704</u>
Operating income (loss)	<u>202,468</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	542
Interest expense	(9,126)
Total Non-Operating Revenues (Expenses)	<u>(8,584)</u>
Net Income(loss) before transfers	193,884
Transfers	<u>(94,250)</u>
Change in net position	99,634
Total net position-beginning	<u>3,175,199</u>
Total net position-ending	<u>\$ 3,274,833</u>

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

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Utility Fund</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 985,436
Cash received from other sources	167,950
Cash paid to employees	(203,612)
Cash paid for goods and services	(544,102)
Net cash provided by (used in) operating activities	<u>405,672</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid	395,130
Interest and fiscal charges on debt	(9,126)
Acquisition and construction of capital assets	(198,202)
Cash provided in capital and related financing activities	<u>187,802</u>
Cash Flows from Noncapital Financing Activities	
Cash used in noncapital financing activities	<u>(94,250)</u>
Cash Flows from Investing Activities	
Investment income	544
Cash provided by (used in) investing activities	<u>544</u>
Net Increase (Decrease) in Cash and Cash Equivalents	499,768
Cash and cash equivalents, October 1	<u>1,876,311</u>
Cash and cash equivalents, September 30	<u>\$ 2,376,079</u>
Reconciliation of Operating Income to Net Cash Provided by Operation Activities:	
Operating income (loss)	<u>\$ 202,468</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	182,666
Change in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	(27,941)
Increase (decrease) in liabilities:	
Customer deposits	7,050
Pension liability	431
Total adjustments	<u>203,204</u>
Net cash provided (used) by operating activities	<u>\$ 405,672</u>

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Edgewood, Texas ("City") is a municipal corporation governed by an elected mayor and a five-member council and provides the following services to its citizens: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the City, relating to the funds included in the accompanying basic financial statements, conform to accounting principles generally accepted in the United States of America ("GAAP"), applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), and the American Institute of Certified Public Accountants, in the publication entitled *State and Local Governments-Audit and Accounting Guide*. The more significant policies of the City are described below:

1. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council, and 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 City is a financial reporting entity as defined by the Government Accounting Standards Board in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB No. 39, "Determining Whether Certain Organizations are Component Units." Under GASB Statement No. 14, component units are organizations for which the City is financially accountable and all organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

As required by GAAP, these financial statements present the City, and its component unit, as entities for which the City is considered to be financially accountable. The discretely presented component unit has been combined and reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City has one component unit - the Economic Development Corporation ("EDC"). The EDC was formed on April 26, 2005. The EDC is governed by a five member board, which is appointed by the City Council. The City does not have a voting majority. The purpose of the EDC is to aid, promote, and further the economic development within the City. The EDC is financed with a voter-approved 1/4 proportion of the city sales tax, therefore, the organization is fiscally dependent on the City. The nature of the significance of the relationship between the primary government and the component unit is such that exclusion would cause the City's financial statements to be misleading or incomplete.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be considered a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

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

2. Basis of Presentation

The basic financial statements are prepared in conformity with GAAP, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the Statement of Net Position and Statement of Activities. Significantly, the City's statement of Net Position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting, and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The City also presents a Management's Discussion and Analysis section, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted, and final amended General Fund budget, with actual results for the current fiscal year.

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the City for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. As required by GAAP, these financial statements present the City entities for which the City is considered to be financially accountable.

The basic financial statements include both government-wide, (based on the City as a whole), and fund financial statements. The government-wide financial statements, (i.e., the statement of Net Position and the Statement of Activities), report information on all parts of the primary government. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.), or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

The net cost, (by function), is normally covered by general revenue, (property and sales taxes, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major governmental fund is the General Fund. GASB Statement No. 34 sets forth the minimum criteria, (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined), for the determination of major funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of this information.

3. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts, and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Governmental fund level financial statements are reported using the current financial resources measurements focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due and payable shortly after year-end, as required by GASB Interpretation No. 6.

Ad valorem, franchise, and sales tax revenues recorded in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues, are recorded as revenues when received in cash, as the resulting receivable is not measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources, and the related liabilities, (except those accounted for in proprietary funds), are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major governmental fund of the City.

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

The **General Fund** is the general operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues, and other receipts, that are not restricted by law or contractual agreement to some other fund, are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs, that are not paid through other funds, are paid from the General Fund.

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its Statement of Net Position.

The proprietary funds are financed and operated in a manner similar to a private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

4. Financial Statement Amounts

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

b. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables in excess of 60 days comprise the trade accounts receivable for uncollectible accounts.

c. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary funds represent cash and cash equivalents and investments set aside for repayments of deposits to utility customers and various bond covenants.

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

d. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (in years)</u>
Infrastructure	10 - 40
Buildings	10 - 40
Building Improvements	5 - 30
Equipment	5 - 10
Vehicles	5 - 7

e. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued sick leave, and compensatory time, for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from either the General Fund or the Utility Fund, based on the assignment of an employee at termination.

f. Pension

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension, reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2021. Changes in the net pension liability are recorded as pension expense, or as deferred inflows of resources, or deferred outflows of resources, depending on the nature of the changes. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources, (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience), will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred inflow/outflows of resources relating to pension expense, information about the fiduciary net position of the City's pension plan with TMRS, and additions to/deductions from the plan's fiduciary net position, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments, (including refunds of employee contributions), are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Difference between projected and actual investment earnings are reported as deferred inflows of resources, or deferred outflows of resources, and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

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

g. Deferred outflows/inflows of resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources, (expenses/expenditures), until then. The City has one item that qualifies in this category. The City's pension plan reports contributions made from the measurement date of the pension plan to the current fiscal year end as deferred and are recognized in the subsequent fiscal year end, as well as differences in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. As a component of implementing GASB Statement No. 68, a deferred outflow is recorded in the government-wide Statement of Net Position, and fund level financial statements, for the proprietary Statement of Net Position.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Accordingly, the item, *deferred revenue*, is reported in the governmental funds Balance Sheet. Deferred revenue from property taxes is shown as deferred inflows of resources. The amount is deferred and recognized as inflows of resources in the period that the amounts become available.

Deferred outflows of resources are used to report consumption of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net position by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements.

h. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Management compared this method to the effective interest method, and found the difference to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

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

i. Net Position Flow Assumption

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

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

j. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** - include the portion of net resources that cannot be spent because of their form, (i.e., inventory, long-term loans, or prepaids), or because they must remain intact such as the principal of an endowment.
- **Restricted fund balance** - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers, or as allowed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - includes the portion of net resources upon which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. Commitments may be changed or lifted only by the Council using the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- **Assigned fund balance** - includes the portion of net resources for which an *intended* use has been established by the City Council. Assignment of fund balance are much less formal than commitments, and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned fund balance** - includes the amounts in the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund, and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the City to maintain a minimum fund balance in the General Fund equal to 5% of expenditures. The City is currently in compliance with this policy.

k. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

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

I. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the basic financial statements in order to provide an understanding of budget to actual. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

m. Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1, (immediately following the levy date), and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised value. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

For the fiscal year September 30, 2023, the City had a tax rate of \$0.5311 per \$100 assessed valuation.

n. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

o. Federal and State Grants

Grants revenues are generally accounted for within the fund financed.

p. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

q. Program Revenues

Certain revenues such as charges for services are included in program revenues.

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

r. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	Not applicable

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on a modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- No later than the first City Council meeting each August, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means for financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the Mayor, shall be deemed to have been adopted by the City Council.
- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The Mayor is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

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

C. CASH AND INVESTMENTS

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 \$3,372,044 and the bank balance was \$3,407,138. The City's cash deposits at September 30, 2023, and during the year ended September 30, 2023, were not entirely covered by FDIC or by pledged collateral held by the City's agent bank in the City's name. Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government

Cash and cash equivalents	\$ 1,396,549
Restricted assets-cash and cash equivalents	1,975,495
Total cash and cash equivalents	<u>3,372,044</u>

Governmental - Restricted Cash

Grant Fund	42,395
Court Tech Fund	4,698
Court Security Fund	4,712
Child Safety Fund	14,879
Police Department Funds	8,969
Veterans Memorial	836
Park Funds	2,083
Total Governmental	<u>78,572</u>

Business-type - Restricted Cash

Construction funding	1,807,066
Debt Service	88,857
Total Business-type	<u>1,895,923</u>

Total Restricted Cash	<u>\$ 1,974,495</u>
------------------------------	----------------------------

Investments:

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the general purpose financial statements, disclosed that in the areas of investment practices, management reports and has establishment appropriate policies, and the City has adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

Custodial credit risk

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

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

D. RECEIVABLES

Receivables as of year-end for the City's individual funds, including the applicable allowances for uncollectible accounts, are as follows.

	Governmental	Proprietary	Total
Taxes	\$ 84,283	\$ -	\$ 84,283
Fees and charges	191,330	86,128	277,458
Gross Receivables	<u>275,613</u>	<u>86,128</u>	<u>361,741</u>
Less: allowance for uncollectibles	<u>(202,040)</u>	<u>(17,226)</u>	<u>(219,266)</u>
Net Total Receivables	<u>\$ 73,573</u>	<u>\$ 68,902</u>	<u>\$ 142,475</u>

E. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2023 was as follows:

	Beginning Balances	Additions	Decreases	Ending Balances
Governmental activities:				
Land	\$ 35,738	\$ -	\$ -	\$ 35,738
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>35,738</u>	<u>-</u>	<u>-</u>	<u>35,738</u>
Capital assets, being depreciated:				
Buildings & Improvements	\$ 633,462	\$ -	\$ -	\$ 633,462
Infrastructure	2,896,743	-	-	2,896,743
Equipment & Vehicles	528,991	45,887	-	574,877
Total capital assets, being depreciated	<u>4,059,196</u>	<u>45,887</u>	<u>-</u>	<u>4,105,082</u>
Less accumulated depreciation for:				
Buildings	(583,818)	(12,555)	-	(596,373)
Infrastructure	(1,021,633)	(93,799)	-	(1,115,432)
Equipment & Vehicles	<u>(394,302)</u>	<u>(26,470)</u>	-	<u>(420,772)</u>
Total accumulated depreciation	<u>(1,999,753)</u>	<u>(132,824)</u>	-	<u>(2,132,577)</u>
Total capital assets, being depreciated, net	<u>2,059,443</u>	<u>(86,937)</u>	-	<u>1,972,505</u>
Total Governmental activities capital assets, net	<u>\$ 2,095,181</u>	<u>\$ (86,937)</u>	<u>\$ -</u>	<u>\$ 2,008,243</u>

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

E. CAPITAL ASSETS (Continued)

	Beginning Balances	Additions	Decreases	Ending Balances
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in Progress	145,251	-	(145,251)	-
Total capital assets, not being depreciated	151,251	-	(145,251)	6,000
Capital assets, being depreciated:				
Building & Improvements	319,590	-	-	319,590
Infrastructure	8,274,129	293,453	-	8,567,582
Equipment & Vehicles	208,781	49,999	-	258,779
Total capital assets, being depreciated	8,802,500	343,452	-	9,145,951
Less accumulated depreciation for:				
Building & Improvements	(309,415)	(964)	-	(310,379)
Infrastructure	(5,425,539)	(164,724)	-	(5,590,263)
Equipment & Vehicles	(170,955)	(16,976)	-	(187,931)
Total accumulated depreciation	(5,905,909)	(182,664)	-	(6,088,573)
Total capital assets, being depreciated, net	2,896,591	160,788	-	3,057,378
Total Business-type activities capital assets, net	\$ 3,047,842	\$ 160,788	\$ -	\$ 3,063,378

Depreciation expense was charged to functions/programs of primary government as follows:

Governmental activities:	
Fire	5,403
Municipal Court	
Parks	31,883
Police	4,017
Public Works	78,861
Total depreciation expense - governmental activities	\$ 132,824
Business-type activities:	
Water and Sewer	\$ 182,664

There was no capitalized interest during the current year.

CITY OF EDGEWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

F. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Refunding Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Notes Payable	\$ 333,397	\$ -	\$ (80,266)	\$ 253,131	\$ 16,969
Certificates of Obligation	478,157	-	(25,786)	452,371	25,786
Governmental Activity Long-term Debt	<u>\$ 811,554</u>	<u>\$ -</u>	<u>\$ (106,052)</u>	<u>\$ 705,502</u>	<u>\$ 42,755</u>
Certificates of Obligation	1,478,006	540,000	(82,889)	1,935,117	104,750
Total Bonds Payable	<u>1,478,006</u>	<u>540,000</u>	<u>(82,889)</u>	<u>1,935,117</u>	<u>104,750</u>
Notes Payable	61,981	39,999	(101,980)	-	-
Governmental Activity Long-term Debt	<u>\$ 1,539,987</u>	<u>\$ 579,999</u>	<u>\$ (184,869)</u>	<u>\$ 1,935,117</u>	<u>\$ 104,750</u>

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

Changes in Governmental Long-Term Debt

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts</u>	<u>Due Within One Year</u>
		<u>Original Issue</u>	<u>Outstanding September 30 2022</u>			<u>Outstanding September 30 2023</u>	
TIB 2014 Ref	1.88%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds Payable		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
MCB (34%)	3.50%	80,000	31,929	-	(31,929)	-	-
FSB Park Loan	3.375%	300,000	269,546	-	(16,415)	253,131	16,969
MCB	5.000%	34,483	31,921	-	(31,921)	-	-
Series 2020 CO	0.00% to 1.410%	529,730	478,158	-	(25,787)	452,371	25,786
Governmental Activity long-term debt		<u>\$ 944,213</u>	<u>\$ 811,554</u>	<u>\$ -</u>	<u>\$ (106,052)</u>	<u>\$ 705,502</u>	<u>\$ 42,755</u>

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

A description of notes payable and the debt service requirements is as follows:

The City incurred a note payable with First State Bank in the amount of \$300,000 for park improvements on October 23, 2020. This note is to be repaid over fifteen years with an annual interest rate of 3.375%.

Governmental debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2024	42,755	12,716	55,471
2025	43,329	12,085	55,414
2026	43,921	11,404	55,325
2027	44,533	10,682	55,215
2028	45,165	9,918	55,083
2029 to 2033	236,086	36,729	272,815
2034 to 2038	191,142	12,601	203,743
2039 to 2040	58,571	1,247	59,818
Totals	\$ 705,502	\$ 107,382	\$ 812,884

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

Changes in Business-type Long-Term Debt

	Interest Rate Payable	Amounts Issue	Amounts Outstanding 2022	Issued	Retired	Amounts Outstanding 2023	Due Within One Year
Series 2009 CO	0.00%	\$ 835,000	\$ 590,000	\$ -	\$ (35,000)	\$ 555,000	\$ 35,000
Series 2020 CO	0.00% to 1.410%	983,784	888,006	-	(47,889)	840,117	47,889
Series 2023 CO	6.00%	540,000	-	540,000	-	540,000	21,000
Total Bonds Payable		2,358,784	1,478,006	540,000	(82,889)	1,935,117	103,889
MCB (66%)	3.50%	155,125	61,981	-	(61,981)	-	-
		155,125	61,981	-	(61,981)	-	-
Business-type long-term debt		\$ 2,513,909	\$ 1,539,987	\$ 540,000	\$ (144,870)	\$ 1,935,117	\$ 103,889

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2024	103,889	32,100	135,989
2025	107,889	39,644	147,533
2026	108,889	37,977	146,866
2027	110,889	36,213	147,102
2028	111,889	34,289	146,178
2029 to 2033	589,447	138,118	727,565
2034 to 2038	663,446	65,981	729,427
2039 to 2040	138,779	4,037	142,816
Totals	\$ 1,935,117	\$ 388,359	\$ 2,323,476

A description of the purpose for each bond issuance is as follows:

\$835,000, Combination Tax and Revenue Certificate of Obligation, Series 2009 was issued through the Texas Water Development Board for water and sewer treatment plant upgrades. This debt was issued in October 2009 and matures in 2039.

\$1,540,000, Combination Tax and Revenue Certificate of Obligation, Series 2020 was issued through the Texas Water Development Board to replace aging and deteriorating sewer lines, manholes, and pumping facilities within its wastewater collection system. These were issued May 2020, and matures in 2040.

\$540,000, Utility System Revenue Bond, Series 2023, was issued for the purpose of constructing, installing, acquiring and equipping additions, extensions and improvements to the City's system, improvements and upgrades to water treatment plant, and pay the costs incurred in connection with the issuance of the bonds. These were issued in 2023 and will mature in 2040.

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

G. PENSION PLAN

1. Plan Description

The City participates in a non-traditional, joint contributory, hybrid defined benefit 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 ("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, appoint the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' 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.tMrs.com.

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

2. Benefits Provided

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

Employees covered by benefit terms:

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

	Plan Year	
	2021	2022
Inactive employees or beneficiaries currently receiving benefits	8	8
Inactive employees entitles to but not yet receiving benefits	7	10
Active employees	11	11
	26	29

3. 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 City Council. Under the state law governing TRMS, 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.

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

G. PENSION PLAN (Continued)

4. 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.

Actuarial assumptions:

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

Inflation	2.5%
Overall Payroll Growth	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%

Salary increases are estimated using 3.50% to 11.50%, per year representing the expected yearly increase in total payroll. Service retirees and beneficiary mortality rates used in calculating the actuarial liability and the retirement contribution rate are calculated using gender-distinct 2019 municipal retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 96.0%. Mortality rates for disabled retirees were calculated using mortality tables for healthy retirees 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 is applied to reflect the impairment of 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.

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

G. PENSION PLAN (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 569,244	\$ 553,344	\$ 15,900
Changes for the year:			
Service cost	41,709	-	41,709
Interest	39,209	-	39,209
Change of benefit terms	-	-	-
Difference between expected and actual experience	(7,397)	-	(7,397)
Changes of assumptions	-	-	-
Contributions - employer	-	25,411	(25,411)
Contributions - employee	-	21,906	(21,906)
Net investment income	-	(40,504)	40,504
Benefit payments, including refunds of employee contributions	(18,451)	(18,451)	-
Administrative expense	-	(350)	350
Other changes	-	417	(417)
Net changes	55,070	(11,571)	66,641
Balance at 12/31/2022	\$ 624,314	\$ 541,773	\$ 82,541

Sensitivity of the net position 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:

Current Single Rate		
1% Decrease 5.75%	Assumption 6.75%	1% Increase 7.75%
\$ 156,798	\$ 82,541	\$ 20,169

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resource Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$28,966.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	\$ 1,948	\$ 5,575
Changes in actuarial assumptions	-	32
Difference between projected and actual investment earnings	62,284	25,187
Contributions subsequent to the measurement date of December 31, 2022	22,278	-
	<u>\$ 86,510</u>	<u>\$ 30,794</u>

\$22,278 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 current fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

G. PENSION PLAN (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Net deferred outflows (inflows) of resources:	
December 31	
2023	2,383
2024	7,298
2025	8,186
2026	15,571
2027	-
Thereafter	-
	\$ 33,438

6. Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

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

Total OPEB Liability

The City of Edgewood's total OPEB liability of \$31,678 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate*	4.05%

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2022.

Mortality Rates - Service Retirees:

Beneficiary mortality rates used in calculating the actuarial liability and the retirement contribution rate are calculated using gender-distinct 2019 municipal retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 96.0%.

Mortality Rates - Disabled Retirees:

Mortality rates for disabled retirees were calculated using mortality tables for healthy retirees 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 is applied to reflect the impairment of 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.

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

G. PENSION PLAN (Continued)

6. Group-term Life Insurance (Continued)

Membership	
Number of:	
-Inactive employees currently receiving benefits	4
-Inactive employees entitled to but not yet receiving benefits	1
-Active employees	11
Total	<u><u>16</u></u>

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	\$ 42,194
Changes for the year:	
Service costs	3,461
Interest on Total OPEB Liability	799
Changes in benefit terms	-
Differences between expected and actual experience	(1,446)
Changes in assumptions or other inputs	(12,279)
Benefit payments	(1,051)
Total OPEB Liability - end of year	<u><u>\$ 31,678</u></u>

The following presents the Total OPEB Liability of the City of Edgewood 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 (.84%) or 1-percentage-point higher (2.84%) than the current discount rate.

	1% Decrease	Current	1% Increase
	(3.05%)	Discount Rate	(5.05%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	\$ 36,497	\$ 31,678	\$ 27,749

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

Deferred (Inflows)/Outflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,464
Changes in assumptions and other inputs	-	5,543
Contributions made subsequent to measurement date	2,334	-
Total	\$ 2,334	\$ 12,007

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (1,909)
2024	(1,892)
2025	(1,905)
2026	(2,884)
2027	(2,370)
Thereafter	(1,047)
Total	\$ (12,007)

H. HEALTH CARE COVERAGE

During the year ended September 30, 2023, employees of the City were covered by a health insurance plan ("Plan"). The City contributed approximately \$600 per month per employee. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to Texas Municipal League ("TML") Intergovernmental Employee Benefits Pool, acting on behalf of the self-funded pool. The Plan was authorized by article 3.51-2, of the Texas Insurance Code and was documented by contractual agreement.

I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage listed above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

J. LITIGATION

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

K. COMMITMENTS AND CONTINGENCIES

The City participates in grant programs which are governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies.

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

L. TRANSFERS

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Total</u>
General Fund	\$ -	\$ 94,250	\$ 94,250
Water and Sewer Fund	(94,250)	-	(94,250)
Net Governmental	<u>\$ (94,250)</u>	<u>\$ 94,250</u>	<u>\$ -</u>

Transfers are used to transfer funds to and from the sinking fund accounts for payment of debt and to transfer assets from one fund to the other when needed.

M. RELATED PARTY TRANSACTIONS

All City Council members receive a discount for water services as they are not charged for water usage.

N. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2023 up through January 8, 2024, the date the financial statements were available to be issued.

O. ECONOMIC DEVELOPMENT CORPORATION

The Economic Development Corporation ("EDC") is financed with the City transferring 1/4 of sales tax receipts each month. This has voter approval and is to be used for direct assistance to prospective and continued development of infrastructure.

a. Deposits and Investments

Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Unrestricted Cash	<u>\$ 238,520</u>

Custodial credit risk

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

As of September 30, 2023, EDC deposits with financial institutions were not fully covered by FDIC.

b. Receivables

Receivables at fiscal year-end for the EDC were \$29,473 representing sales tax owed from the City. Receivables were collected after year-end; thereafter, no allowance for uncollectible has been recorded.

c. Subsequent Events

The EDC has evaluated all events or transactions that occurred after September 30, 2023 up through January 8, 2024, the date the financial statements were available to be issued. During this period, management noted no subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF EDGEWOOD, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Taxes:				
Property taxes, including P&I	\$ 526,873	\$ 526,873	\$ 519,576	\$ (7,297)
Franchise taxes	67,000	67,000	74,018	7,018
Sales tax collected	435,000	435,000	484,015	49,015
Fines and forfeitures	35,000	35,000	21,879	(13,121)
Charge for services	-	-	18,764	18,764
Donations	2,500	2,500	25,682	23,182
Investment income	-	-	1,844	1,844
Grant revenues	-	-	44,998	44,998
Miscellaneous	10,000	10,000	19,674	9,674
Total Revenues	1,076,373	1,076,373	1,210,450	134,077
EXPENDITURES				
Current:				
General government	225,856	225,856	223,590	2,266
Public safety	433,684	433,684	426,014	7,670
Parks	-	-	820	(820)
Public works	308,089	308,089	219,003	89,086
Public services and operations	44,588	44,588	33,397	11,191
Capital outlay:				
Public works	-	-	45,886	(45,886)
Debt service:				
Installment payments	30,442	30,442	106,516	(76,074)
Interest and fiscal agent fees	-	-	20,611	(20,611)
Total Expenditures	1,042,659	1,042,659	1,075,837	(33,178)
Excess (deficiency) of revenues (under) expenditures	33,714	33,714	134,613	100,899
Other Revenues and Financing Sources (Uses)				
Transfers	-	-	94,250	94,250
Total Other Financing Sources (Uses)	-	-	94,250	94,250
Net Change in Fund Balance	33,714	33,714	228,863	195,149
Fund Balances/Equity, October 1	794,987	794,987	794,987	
Fund Balances/Equity, September 30	\$ 828,701	\$ 828,701	\$ 1,023,850	

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

**CITY OF EDGEWOOD, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF CONTRIBUTIONS
LAST SEVEN FISCAL YEARS (UNAUDITED)**

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>
Actuarially determined contribution	\$ 11,882	\$ 11,118	\$ 21,223	\$ 21,006	\$ 21,006
Contributions in relation to the actuarially determined contribution	\$ 11,882	\$ 11,118	\$ 21,223	\$ 21,006	\$ 21,006
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 372,204	\$ 386,147	\$ 394,245	\$ 446,099	\$ 473,599
Contributions as a percentage of covered employee payroll	3.19%	2.88%	5.38%	4.71%	4.44%
	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Actuarially determined contribution	\$ 6,568	\$ 7,303	\$ 12,199	\$ 12,198	\$ 13,040
Contributions in relation to the actuarially determined contribution	\$ 6,568	\$ 7,303	\$ 12,199	\$ 12,198	\$ 13,040
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 196,642	\$ 210,457	\$ 345,578	\$ 345,548	\$ 369,758
Contributions as a percentage of covered employee payroll	3.34%	3.47%	3.53%	3.53%	3.53%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected in a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

Note: Years will continue to be added until there are 10 years for comparison

CITY OF EDGEWOOD, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS-TMRS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability									
Service cost	\$ 41,709	\$ 42,156	\$ 37,769	\$ 38,190	\$ 25,459	\$ 25,118	\$ 25,504	\$ 14,937	\$ 14,017
Interest (on the Total Pension Liability)	39,209	35,318	31,432	28,809	26,196	23,889	21,604	21,347	20,254
Changes of benefit terms	-	-	-	15,545	-	-	-	-	-
Difference between expected and actual experience	(7,397)	1,376	5,882	(6,951)	(16,728)	2,321	2,037	(16,249)	844
Change of assumptions	-	-	-	(1,528)	-	-	-	9,562	-
Benefit payments, including refunds of employee contributions	(18,451)	(23,513)	(15,893)	(23,021)	(13,222)	(21,415)	(8,804)	(30,754)	(9,153)
Net Change in Total Pension Liability	55,070	55,337	59,190	51,044	21,705	29,913	40,341	(1,157)	25,962
Total Pension Liability - Beginning	569,244	513,907	454,717	403,673	381,968	352,055	311,714	312,871	286,909
Total Pension Liability - Ending	<u>\$ 624,314</u>	<u>\$ 569,244</u>	<u>\$ 513,907</u>	<u>\$ 454,717</u>	<u>\$ 403,673</u>	<u>\$ 381,968</u>	<u>\$ 352,055</u>	<u>\$ 311,714</u>	<u>\$ 312,871</u>
Plan Fiduciary Net Position									
Contribution - employer	\$ 25,411	\$ 25,945	\$ 24,010	\$ 11,700	\$ 12,320	\$ 15,071	\$ 12,204	\$ 8,101	\$ 7,400
Contribution - employee	21,906	22,305	19,712	19,307	18,610	17,814	17,279	10,919	10,662
Net investment income	(40,504)	61,110	31,097	53,816	(10,202)	40,067	16,998	388	13,762
Benefit payments, including refunds of employee contributions	(18,451)	(23,513)	(15,893)	(23,021)	(13,222)	(21,415)	(8,804)	(30,755)	(9,153)
Administrative expense	(350)	(283)	(201)	(304)	(196)	(208)	(192)	(236)	(144)
Other	417	2	(8)	(9)	(10)	(9)	(10)	(12)	(12)
Net Change in Plan Fiduciary Net Position *	(11,571)	85,566	58,717	61,489	7,300	51,320	37,475	(11,595)	22,515
Plan Fiduciary Net Position - Beginning	553,344	467,778	409,061	347,571	340,271	288,951	251,476	263,071	240,556
Plan Fiduciary Net Position - Ending	<u>\$ 541,773</u>	<u>\$ 553,344</u>	<u>\$ 467,778</u>	<u>\$ 409,060</u>	<u>\$ 347,571</u>	<u>\$ 340,271</u>	<u>\$ 288,951</u>	<u>\$ 251,476</u>	<u>\$ 263,071</u>
Net Pension Liability - Ending	\$ 82,541	\$ 15,900	\$ 46,129	\$ 45,657	\$ 56,102	\$ 41,697	\$ 63,104	\$ 60,238	\$ 49,800
Plan Fiduciary Net Position as a percentage of Total Pension Liability	86.78%	97.21%	91.02%	89.96%	86.10%	89.08%	82.08%	80.68%	84.08%
Covered employee payroll	\$ 438,118	\$ 446,099	\$ 394,245	\$ 386,147	\$ 372,204	\$ 356,288	\$ 345,578	\$ 218,370	\$ 210,457
Net Pension Liability as a percentage of covered employee payroll	18.84%	3.56%	11.70%	11.82%	15.07%	11.70%	18.26%	27.59%	23.66%

* May be off due to rounding

Note: Years will be added until there are 10 years of comparison

**CITY OF EDGEWOOD, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Total OPEB Liability						
Service cost	\$ 3,461	\$ 3,613	\$ 3,351	\$ 2,201	\$ 2,233	\$ 1,960
Interest (on the Total OPEB Liability)	799	918	1,031	1,096	964	927
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(1,446)	(7,013)	(214)	(372)	(861)	-
Change of assumptions	(12,279)	1,080	4,733	4,762	(1,672)	1,814
Benefit payments, including refunds of employee contributions	(1,051)	(981)	(315)	(270)	(186)	(285)
Net Change in Total Pension Liability	(10,516)	(2,383)	8,586	7,417	478	4,416
Total OPEB Liability - Beginning	42,194	44,577	35,991	28,574	28,096	23,680
Total OPEB Liability - Ending	\$ 31,678	\$ 42,194	\$ 44,577	\$ 35,991	\$ 28,574	\$ 28,096
Covered employee payroll	\$ 438,118	\$ 446,099	\$ 394,245	\$ 386,147	\$ 372,204	\$ 356,288
Total OPEB Liability as a percentage of covered employee payroll	7.23%	9.46%	11.31%	9.32%	7.68%	7.89%

See accompanying notes to these financial statements for more detail.

Note: Years will continue to be added until there are 10 years for comparison

SUPPLEMENTARY INFORMATION

**CITY OF EDGEWOOD, TEXAS
BALANCE SHEET - COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2023**

	EDC Fund
ASSETS	
Cash and cash equivalents	\$ 238,520
Receivables (net of allowance for uncollectibles)	29,473
Total Assets	<u>267,993</u>
 FUND BALANCE	
Fund balance	
Unassigned	267,993
Total Fund Balance	<u>267,993</u>
 Total Liabilities and Fund Balance	<u>\$ 267,993</u>

**CITY OF EDGEWOOD, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION - ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet	\$ 267,993
There are no reconciling items.	-
Net position of governmental activities - statement of net position	<u><u>\$ 267,993</u></u>

**CITY OF EDGEWOOD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - COMPONENT UNIT
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	EDC Fund
REVENUE	
Sales tax collected	\$ 118,485
Donations	2,970
Civic center income	9
Total Revenues	<u>121,464</u>
EXPENDITURES	
Current:	
General government	44,683
Salaries	46,956
Total Expenditures	<u>117,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,313</u>
Net Change in Fund Balance	4,313
Fund Balance/Equity, October 1	263,680
Fund Balance/Equity, September 30	<u>\$ 267,993</u>

**CITY OF EDGEWOOD, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES - ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ 4,313
There are no reconciling items.	-
Change in net position of governmental activities - statement of activities	<u>\$ 4,313</u>