

CITY OF ANSON, TEXAS
ANNUAL FINANCIAL REPORT
MARCH 31, 2024

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Financial Section

September 23, 2024

Honorable Mayor, Members of the City Council
City of Anson, Texas

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the City of Anson, Texas, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the City of Anson, Texas as of March 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Anson, Texas, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios - Pension Plan, Schedule of Contributions - Pension Plan, and Schedule of Changes in Total OPEB Liability and Related Ratios - OPEB Plan be presented to supplement the basic 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted to form opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, on our consideration of the City of Anson, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Anson, Texas' internal control over financial reporting and compliance.

Condley and Company, L.L.P.

Certified Public Accountants

Basic Financial Statements

CITY OF ANSON, TEXAS
STATEMENT OF NET POSITION
MARCH 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 416,223	\$ 75,588	\$ 491,811
Certificates of deposit	62,001		62,001
Receivables, net of allowance for uncollectible accounts	286,543	222,816	509,359
Prepaid expenses	1,072		1,072
Due from other funds	40,398		40,398
Notes receivable, current	14,471		14,471
Restricted assets:			
Cash and cash equivalents - debt service	55,752	57,282	113,034
Capital assets, net of accumulated depreciation:			
Land	151,196	200,944	352,140
Buildings and improvements	1,607,044	4,422,269	6,029,313
Machinery and equipment	1,109,777	868,311	1,978,088
Infrastructure	1,328,065		1,328,065
Right-of-use assets - leases	282,339	365,878	648,217
Right-of-use assets - SBITA	68,283		68,283
Other assets:			
Notes receivable, net of allowance for uncollectible accounts	44,954		44,954
Net pension asset	128,039	126,782	254,821
Total Assets	5,596,157	6,339,870	11,936,027
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	75,339	74,599	149,938
Deferred outflows of resources related to OPEB	3,274	3,241	6,515
Total Deferred Outflows of Resources	78,613	77,840	156,453
LIABILITIES			
Current Liabilities:			
Accounts payable	49,968	61,687	111,655
Due to other funds	29,582	10,816	40,398
Unearned revenue	47,780		47,780
Customer deposits		130,124	130,124
Customer overpayments		2,200	2,200
Accrued interest payable	15,666	39,839	55,505
Notes payable - current	70,391	120,896	191,287
Certificates of obligation - current	136,850	104,101	240,951
Right-of-use lease obligation - current	72,745	200,903	273,648
Right-of-use SBITA payable - current	17,182		17,182
Noncurrent Liabilities:			
Compensated absences	8,217	47,752	55,969
Notes payable	241,394	638,974	880,368
Certificates of obligation	756,700	3,724,988	4,481,688
Right-of-use lease obligation - noncurrent	317,907	298,132	616,039
Right-of-use SBITA payable - noncurrent	37,893		37,893
Total OPEB liability	21,560	21,349	42,909
Total Liabilities	1,823,835	5,401,761	7,225,596
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	55,200	54,657	109,857
Deferred inflows of resources related to OPEB	9,897	9,799	19,696
Total Deferred Inflows of Resources	65,097	64,456	129,553
NET POSITION			
Net investment in capital assets	2,935,642	828,741	3,764,383
Restricted	71,367	57,282	128,649
Unrestricted	778,829	65,470	844,299
Total Net Position	\$ 3,785,838	\$ 951,493	\$ 4,737,331

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024

Functions/Programs	Net (Expense) Revenues and Changes in Net Position				
	Program Revenues			Primary Government	
	Direct Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES					
General government	\$ 459,763	\$ 25,913	\$ 27,502	\$ (406,348)	\$ (406,348)
Judicial and legal	97,373			(97,373)	(97,373)
Public safety	1,034,642		267,472	(767,170)	(767,170)
Culture and recreation	366,369			(366,369)	(366,369)
Economic development	4,552			(4,552)	(4,552)
Streets	374,239			(374,239)	(374,239)
Interest on long-term debt	32,144			(32,144)	(32,144)
Total Governmental Activities	2,369,082	25,913	294,974	(2,048,195)	- (2,048,195)
BUSINESS-TYPE ACTIVITIES					
Water and refuse services	3,201,790	2,842,345	418,981		59,536 59,536
Total Business-Type Activities	3,201,790	2,842,345	418,981	-	59,536 59,536
Total Primary Government	\$ 5,570,872	\$ 2,868,258	\$ 713,955	\$ (2,048,195)	\$ 59,536 \$ (1,988,659)
General Revenues:					
Property tax			\$ 1,093,902	\$ 1,093,902	
Sales tax			557,335	557,335	
Franchise and other tax			88,080	88,080	
Fines and fees			116,917	116,917	
Gain/Loss sale of assets			2,500	13,500	16,000
Insurance Proceeds				54,746	54,746
Investment earnings			2,689	250	2,939
Miscellaneous			61,543	122,367	183,910
Operating transfers			80,257	(80,257)	-
Total General Revenues			2,003,223	110,606	2,113,829
Change in Net Position			(44,972)	170,142	125,170
Net Position - Beginning			3,830,810	794,029	4,624,839
Prior period adjustment			-	(12,678)	(12,678)
Net Position - Beginning (as restated)			3,830,810	781,351	4,612,161
Net Position - Ending	\$ 3,785,838	\$ 951,493	\$ 4,737,331		

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2024

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 244,436	\$ 171,787	\$ 416,223
Restricted cash and cash equivalents - debt service	55,752		55,752
Certificates of deposit	23,657	38,344	62,001
Receivables:			
Property taxes, net of allowance for uncollectible accounts	185,851		185,851
Other tax	100,692		100,692
Prepaid expenses	948	124	1,072
Due from other funds	13,816	26,582	40,398
Total Assets	\$ 625,152	\$ 236,837	\$ 861,989
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 40,971	\$ 8,997	\$ 49,968
Unearned revenue	47,780		47,780
Due to other funds	26,582	3,000	29,582
Total Liabilities	115,333	11,997	127,330
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	138,391		138,391
Total Deferred Inflows of Resources	138,391	-	138,391
Fund Balance:			
Restricted fund balance	71,367		71,367
Assigned fund balance	102,019	224,716	326,735
Nonspendable fund balance	11,764	124	11,888
Unassigned fund balance	186,278		186,278
Total Fund Balance	371,428	224,840	596,268
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 625,152	\$ 236,837	\$ 861,989

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET****TO THE STATEMENT OF NET POSITION****MARCH 31, 2024**

Total fund balances - governmental funds balance sheet	\$ 596,268
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,546,704
Notes receivable used in governmental activities are not reported in the funds.	59,425
Net pension asset used in governmental activities is not reported in the funds.	128,039
Deferred outflows of resources related to pensions used in governmental activities are not reported in the funds.	75,339
Deferred outflows of resources related to OPEB used in governmental activities are not reported in the funds.	3,274
Deferred inflows of resources related to pensions used in governmental activities are not reported in the funds.	(55,200)
Deferred inflows of resources related to OPEB used in governmental activities are not reported in the funds.	(9,897)
Compensated absences used in governmental activities are not reported in the funds.	(8,217)
Total OPEB liability used in governmental activities is not reported in the funds.	(21,560)
Long-term debt obligations are not due and payable in the current period, and, therefore, are not reported in the funds:	
Accrued interest payable	(15,666)
Notes payable	(311,785)
Certificates of obligation	(893,550)
Right-of-use lease obligations	(390,652)
Right-of-use SBITA payable	(55,075)
Property tax revenue considered unavailable for the governmental funds and recorded as a deferred inflow of resources in the governmental funds.	<u>138,391</u>
Net position of governmental activities - Statement of Net Position	\$ <u>3,785,838</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2024

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes, penalties and interest	\$ 1,090,095	\$ 69,666	\$ 1,090,095
Sales tax	487,669		557,335
Other tax	88,080		88,080
Fines and fees	116,917		116,917
Charges for services	25,913		25,913
Grant proceeds	27,502		27,502
EMS cost-sharing reimbursement	195,500		195,500
Donation income	51,543	20,429	71,972
Interest	422	2,267	2,689
Miscellaneous	28,490	43,210	71,700
 Total revenues	 2,112,131	 135,572	 2,247,703
EXPENDITURES			
General government	458,393		458,393
Judicial and legal	97,373		97,373
Public safety	908,163	37,459	945,622
Culture and recreation	201,116	104,124	305,240
Economic development		4,552	4,552
Streets	180,145		180,145
Debt service:			
Principal	315,115		315,115
Interest	36,964		36,964
Capital outlay	303,434	97,046	400,480
 Total expenditures	 2,500,703	 243,181	 2,743,884
Revenues Over (Under) Expenditures	(388,572)	(107,609)	(496,181)
OTHER FINANCING SOURCES (USES)			
Note payments received		8,559	8,559
Sale of assets	2,500		2,500
Transfers in	278,283	31,500	309,783
Transfers out	(229,526)		(229,526)
 Total other financing sources	 51,257	 40,059	 91,316
Deficit of revenues and other financing sources over expenditures and other financing uses	(337,315)	(67,550)	(404,865)
Fund balances - Beginning	708,743	292,390	1,001,133
Fund balances - Ending	\$ 371,428	\$ 224,840	\$ 596,268

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

Net change in fund balances - total governmental funds	\$ (404,865)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Governmental funds report capital outlays as expenditures, but are shown as increases in capital assets in governmental activities.	400,480
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources.	(629,230)
Governmental funds report debt payments as expenditures, but are shown as decreases in debt obligations in governmental activities.	315,115
Lease terminations are not recognized as a loss in governmental funds since it does not require use of current financial resources.	229,449
Various other adjustments and eliminations including pension and OPEB adjustments are necessary to convert to accrual accounting.	<u>44,079</u>
Change in net position of governmental activities - Statement of Activities	\$ <u>(44,972)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2024

			<u>Business-type Activities</u> <u>Enterprise Fund</u>
	<u>Water Fund</u>	<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 56,406	\$ 19,182	\$ 75,588
Accounts receivable, net of allowance for bad debt	168,974	53,842	222,816
Total Current Assets	<u>225,380</u>	<u>73,024</u>	<u>298,404</u>
Restricted assets:			
Restricted cash and cash equivalents - debt service	57,282		57,282
Total Restricted Assets	<u>57,282</u>	<u>-</u>	<u>57,282</u>
Capital assets:			
Capital assets:			
Property, plant and equipment	11,660,623	129,825	11,790,448
Right-of-use assets	266,012	341,362	607,374
Less: accumulated depreciation	(6,245,587)	(53,337)	(6,298,924)
Less: accumulated amortization	(60,482)	(181,014)	(241,496)
Total Capital Assets	<u>5,620,566</u>	<u>236,836</u>	<u>5,857,402</u>
Other noncurrent assets:			
Net pension asset	126,782		126,782
Total Other Noncurrent Assets	<u>126,782</u>	<u>-</u>	<u>126,782</u>
TOTAL ASSETS	<u>6,030,010</u>	<u>309,860</u>	<u>6,339,870</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	74,599		74,599
Deferred outflows of resources related to OPEB	3,241		3,241
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>77,840</u>	<u>-</u>	<u>77,840</u>
LIABILITIES			
Current liabilities:			
Accounts payable	35,421	26,266	61,687
Due to other funds	10,816		10,816
Customer deposits	130,124		130,124
Customer overpayments	2,200		2,200
Accrued interest payable	38,647	1,192	39,839
Compensated absences	47,752		47,752
Notes payable - current	88,020	32,876	120,896
Right-of-use lease obligation - current	38,261	162,642	200,903
Certificates of obligation - current	104,101		104,101
Total Current Liabilities	<u>495,342</u>	<u>222,976</u>	<u>718,318</u>
Noncurrent liabilities:			
Total OPEB liability	21,349		21,349
Notes payable	612,516	26,458	638,974
Right-of-use lease obligation - noncurrent	206,699	91,433	298,132
Certificates of obligation	3,724,988		3,724,988
Total Noncurrent Liabilities	<u>4,565,552</u>	<u>117,891</u>	<u>4,683,443</u>
TOTAL LIABILITIES	<u>5,060,894</u>	<u>340,867</u>	<u>5,401,761</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	54,657		54,657
Deferred inflows of resources related to OPEB	9,799		9,799
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,456</u>	<u>-</u>	<u>64,456</u>
NET POSITION			
Net investment in capital assets	845,981	(17,240)	828,741
Restricted	57,282		57,282
Unrestricted	79,237	(13,767)	65,470
TOTAL NET POSITION	<u>\$ 982,500</u>	<u>\$ (31,007)</u>	<u>\$ 951,493</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -

PROPRIETARY FUNDS

FOR THE YEAR ENDED MARCH 31, 2024

	Water Fund	Garbage Fund	Business-type Activities Enterprise Funds
			Total Enterprise Funds
OPERATING REVENUES			
Service revenue	\$ 2,149,452	\$ 548,104	\$ 2,697,556
Capital projects revenue	144,789		144,789
Grant Revenue	418,981		418,981
Miscellaneous	24,829	97,538	122,367
Total Operating Revenues	2,738,051	645,642	3,383,693
OPERATING EXPENSES			
Payroll and benefits	584,396		584,396
Depreciation	335,108	16,244	351,352
Lease amortization	40,361	99,766	140,127
Sanitation		344,404	344,404
Water supply	263,232		263,232
Supplies	408,060	434	408,494
Insurance	157,849		157,849
Repairs and maintenance	272,268	31,317	303,585
Water testing	211,067		211,067
Other	46,709	20,304	67,013
Utilities and telephone	33,077		33,077
Professional fees	16,000	30,354	46,354
Bad debt	18,396	123	18,519
Fuel	52,231		52,231
Dues, licenses, and fees	87,626		87,626
Total Operating Expenses	2,526,380	542,946	3,069,326
Operating Income	211,671	102,696	314,367
NON-OPERATING REVENUES (EXPENSES)			
Interest income	250		250
Interest expense	(118,174)	(14,290)	(132,464)
Gain on sale of assets	13,500		13,500
Insurance proceeds	54,746		54,746
Transfers in	249,719	5,161	254,880
Transfers out	(193,603)	(141,534)	(335,137)
Total Non-Operating Expenses	6,438	(150,663)	(144,225)
Change in Net Position	218,109	(47,967)	170,142
Net Position - Beginning	764,391	29,638	794,029
Prior period adjustment for lease recognition		(12,678)	(12,678)
Net Position - Beginning (as restated)	764,391	16,960	781,351
Net Position - Ending	\$ 982,500	\$ (31,007)	\$ 951,493

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2024

	Business-type Activities		Enterprise Funds
	Water Fund	Garbage Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,714,045	\$ 640,208	\$ 3,354,253
Cash paid to employees	(584,396)	(422,858)	(584,396)
Cash paid to suppliers	(1,553,349)	(1,976,207)	(1,976,207)
Net Cash Provided by Operating Activities	<u>576,300</u>	<u>217,350</u>	<u>793,650</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Miscellaneous receipts	250	250	250
Transfers out	56,116	(136,373)	(80,257)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	<u>56,366</u>	<u>(136,373)</u>	<u>(80,007)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,105,254)	(86,683)	(1,191,937)
Proceeds notes/finance leases	646,478	75,771	722,249
Insurance proceeds	54,746	54,746	54,746
Gain on sale of assets	13,500	13,500	13,500
Interest paid	(93,517)	(13,384)	(106,901)
Payments on notes payable	(94,748)	(31,031)	(125,779)
Payments on capital leases	(10,582)	(56,050)	(66,632)
Payments on certificates of obligation	(101,406)	(101,406)	(101,406)
Net Cash Used in Capital and Related Financing Activities	<u>(690,783)</u>	<u>(111,377)</u>	<u>(802,160)</u>
Net Decrease in Cash and Cash Equivalents	<u>(58,117)</u>	<u>(30,400)</u>	<u>(88,517)</u>
Cash and Cash Equivalents at Beginning of Year	<u>171,805</u>	<u>49,582</u>	<u>221,387</u>
Cash and Cash Equivalents at End of Year	<u>113,688</u>	<u>19,182</u>	<u>132,870</u>
Cash and cash equivalents	56,406	19,182	75,588
Cash and cash equivalents (restricted)	57,282	-	57,282
	<u>\$ 113,688</u>	<u>\$ 19,182</u>	<u>\$ 132,870</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 211,671	\$ 102,696	\$ 314,367
Adjustments Not Affecting Cash:			
Increase in accounts receivable	(24,006)	(5,434)	(29,440)
Decrease in deferred outflows related to pension	22,302	22,302	22,302
Decrease in deferred outflows related to OPEB	276	276	276
Increase in net pension asset	(49,538)	(49,538)	(49,538)
Decrease in accounts payable	21,007	4,078	25,085
Decrease in other liabilities	7,697	7,697	7,697
Decrease in total OPEB liability	2,018	2,018	2,018
Decrease in deferred inflows related to pensions	11,798	11,798	11,798
Increase in deferred inflows related to OPEB	(2,241)	(2,241)	(2,241)
Increase in related party payable	(153)	(153)	(153)
Depreciation and amortization	375,469	116,010	491,479
Net Cash Provided by Operating Activities	<u>\$ 576,300</u>	<u>\$ 217,350</u>	<u>\$ 793,650</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 1: Reporting Entity

The City of Anson (City) was incorporated on January 3, 1901, and is governed by an elected mayor and five-member council. The City operates under a city manager form of government and provides the following functions: general government, judicial and legal, public safety (police and fire departments), culture and recreation, economic development, streets, and other general and administrative services.

For financial reporting purposes, the City includes all entities for which the City is considered to be financially accountable. The criteria used by the City for including activities in preparing its financial statements are in conformity with Governmental Accounting Standards Board Statement 14. "The Financial Reporting Entity."

Blended Component Units

The Development Corporation of Anson, Inc. (ADC) and the Industrial Development Corporation of Anson, Inc. (IDC) (collectively the Corporations) are both nonprofit corporations whose primary purpose and objectives are to further economic development and social welfare in the City of Anson by promoting and assisting the economic growth and development of this geographic region. The principal objectives of the Corporations are to increase the employment opportunities of the unemployed and underemployed through the expansion of the business and industry base within the economy by utilizing the 0.125 percent sales tax levied by the City for that purpose.

Note 2: Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the government. Governmental activities are those which are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF ANSON, TEXAS
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MARCH 31, 2024

Enterprise funds, or proprietary funds, are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurements similar to the private sector.

The City operates and reports the following funds:

Governmental:

- The *General Fund* is the City's operating governmental fund. It accounts for all financial resources of the general government and is considered a major fund.
- The *ADC Fund* accounts for the receipt of sales tax for economic growth and development for the Anson Development Corporation.
- The *IDC Fund* accounts for the receipt of sales tax for economic growth and development for the Industrial Development Corporation.
- The *Opera House Fund* accounts for financial resources related to operations of the Opera House.
- The *Volunteer Fire Department Fund* accounts for financial resources related to operations of the volunteer fire department.

Proprietary:

- The *Water Fund* accounts for the activities of the water distribution system and is considered a major fund.
- The *Garbage Fund* accounts for the activities of the refuse collection system and is considered a major fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after 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.

Property taxes and sales taxes are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict the guidance of the *Government Accounting Standards Board*. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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 water fund and garbage fund are charges to customers for sales and/or services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents and Investments

Cash and cash equivalents reflected in the financial statements include petty cash and cash in banks.

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, investments are recorded at fair value. Consistent with GASB Statement No. 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the City is disclosed in **Note 3** to the financial statements.

Restricted Assets

Restricted assets consist of cash equivalents and cost approximates market value. These assets are restricted for the purpose of debt service.

Accounts and Notes Receivable

All receivables are shown net of an allowance for uncollectible accounts. The trade accounts receivable allowance for uncollectible accounts is comprised of accounts past due in excess of 180 days. There is no allowance for sales tax receivable. Notes receivable relate to economic development loans for the ADC and IDC funds. Allowance for uncollectible amounts on notes receivable is comprised of notes or portions of notes that management has estimated to be uncollectible.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. A lien attaches as of February 1. Delinquent taxes are based on the rates adopted for the year of levy. Allowance for uncollectables within the General Fund is based on historical experience in collecting property taxes.

Capital Assets

In government-wide financial statements, capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date donated.

The cost of normal maintenance and repairs that do not add to the asset's value or materially extend asset lives are not capitalized.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

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.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Years
Buildings	40
System infrastructure	25-30
Maintenance equipment	15-30
Vehicles	5-10
Office furniture and equipment	5

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same way as in the government-wide statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Leases

Leases are defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessee, the City recognizes a lease payable and an intangible right-of-use lease asset. At the commencement of a lease, the lease payable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the City's incremental borrowing rate at lease inception. The right-of-use leased asset is initially recorded at the amount of the lease liability plus any prepayments less lease incentives received prior to lease commencement. The right-of-use leased asset is amortized on a straight-line basis over the term of the lease or the asset's useful life for leases where the City is reasonably certain that the bargain purchase option will be exercised.

Subscription Based IT Arrangements

Subscription-based IT arrangements are defined as a contractual agreement that conveys control of the right of use another entity's information technology software for a minimum contractual period of greater than one year in an exchange or exchange-like transaction. The City has entered into various subscription-based information technology arrangements. The related subscription liabilities are presented in amounts equal to the present value of subscription payments, payable during the remaining subscription term.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Subscription liability and associated right-of-use subscription assets are recognized in the government-wide statement of net position.

Compensated Absences

The City provides five to twenty days of paid leave each year for full-time employees based on years of service. Unused paid leave is paid upon termination, but no more than twenty-four hours of leave can be carried over to the next year. Accordingly, the City has recorded a liability in one of the proprietary funds and the government-wide statement of net position for general government employees. Certain unused sick leave is included in the liability since a limited amount of sick leave can be paid to employees with 20 or more consecutive years of service.

Equity Classification

In the government-wide and proprietary statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings attributable to those assets' acquisition, construction, or improvements.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. The City's restricted net position as of March 31, 2024, relates to cash for debt service, court, and police seizure funds. Restricted net position in the business-type activities relates to debt service.

Unrestricted net position – All other net positions that do not meet the definition of the "restricted" or "net investment in capital assets".

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

In the governmental fund financial statements, equity is classified as fund balance. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable fund balance is associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted fund balance includes amounts that can be spent for only the specific purposes stipulated by the constitution, external resources providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by formal action by the City Council (the City's highest level of decision-making authority).

Assigned fund balance includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

As of March 31, 2024, the City reported unassigned, assigned, nonspendable, and restricted fund balance.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Restricted Fund Balance

The City's restricted fund balance as of March 31, 2024, which relates to use of external resources, is comprised of the following:

<u>Restriction</u>	<u>Amount</u>
Debt service	\$ 55,752
Court	9,085
Drug seizure	<u>6,530</u>
 Total Restricted Fund Balance	 <u>\$ 71,367</u>

Assigned Fund Balance

The City's management has the authority to assign funds in accordance with various internal programs. The City's assigned fund balance as of March 31, 2024 is comprised of the following:

<u>Assignment</u>	<u>Amount</u>
Streets	\$ 85,475
Education facilities	3,118
Volunteer fire department	154,442
Opera house	5,164
ADC	38,529
IDC	<u>40,007</u>
 Total Assigned Fund Balance	 <u>\$ 326,735</u>

Nonspendable fund balance totaling \$11,888 includes \$10,816 of interfund balances that have been outstanding for more than one year. The amount is considered collectible. Other nonspendable fund balance includes prepaid expenses of \$1,072.

The City considers restricted amounts to having been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of the net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense / expenditure) until then. The City had deferred outflows of resources related to pensions of \$149,938 and deferred outflows of resources related to OPEB of \$6,515 as of March 31, 2024.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City had deferred inflows of resources related to pensions of \$109,857 and deferred inflows of resources related to OPEB of \$19,696 as of March 31, 2024. The City also had deferred inflows of resources in the governmental funds related to unavailable property tax revenue of \$138,391 as of March 31, 2024.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Use of Estimates

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

Subsequent Events

The City has evaluated subsequent events through September 23, 2024, the day the financial statements were available to be issued.

Recent Accounting Pronouncements

Adopted

GASB Statement No. 92

In January 2020, the GASB Issued *Statement No. 92, Omnibus 2020*. This statement aims to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues identified during the implementation and application of certain GASB Statements. The requirements related to Statement 87 and Implementation Guide 2020-3 are effective upon issuance. The other requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 96

In May 2021, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022, and all reporting periods thereafter. The City will fully analyze the impact of this statement prior to the effective date.

Not Adopted

GASB Statement No. 100

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Note 3: Deposits and Investments

Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank did not approve pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the audit period. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

As of March 31, 2024, the City had cash and cash investments, which represent checking accounts, money market accounts, and saving accounts at federally insured local banks. State statute restricts the city to investing in certificates of deposit and investments of the United States and the State of Texas.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. On the date of the largest cash balance of the fiscal year, pledged securities were not sufficient to cover the total bank balance of \$1,565,882 of which, \$1,065,882 was not covered. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Demand Deposit Accounts	Bank Balance
Insured	\$ 250,000
Uninsured and uncollateralized	922,872
Total Deposits	\$ 1,172,872

Time and Savings Accounts	Bank Balance
Insured	\$ 250,000
Uninsured and uncollateralized	143,010
Total Deposits	\$ 393,010

As of March 31, 2024, pledged securities were not sufficient to cover the bank balances totaling \$604,845, of which \$104,845 was exposed to custodial credit risk as follows:

Demand Deposit Accounts	Bank Balance
Insured	\$ 250,000
Uninsured and uncollateralized	42,991
Total Deposits	\$ 292,991

Time and Savings Accounts	Bank Balance
Insured	\$ 250,000
Uninsured and uncollateralized	61,854
Total Deposits	\$ 311,854

In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Credit Risk

This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to indicate credit risk. It is the City's policy to limit its investments to those investments that are fully insured or collateralized from a bank in the State of Texas and under the term of written depository agreement, obligations of the United States government, its agencies, instrumentalities, and government-sponsored enterprises, or Texas Local Government Investment Pools. The City currently has no investments in obligations of the United States government or Texas Local Government Investment Pools.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value by keeping its investment portfolio sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. The City is not exposed to foreign currency risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the City's policy to not allow for a concentration of credit risk. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

At year end, the City's investment balances were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ <u>62,001</u>	1
	<u>\$ 62,001</u>	

The investments of the City are not in compliance with the Council's investment policy (due to uncollateralized accounts) and with the Public Funds Investment Act (Government Code Chapter 2256). The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

A summary of the City's investments under the requirements of the fair value hierarchy follows:

Description	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Certificates of Deposit	\$ <u>62,001</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>62,001</u>
Total	\$ <u>62,001</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>62,001</u>

Note 4: Accounts and Notes Receivable

Receivables in the general fund totaling \$286,543 as of March 31, 2024, consist of property taxes receivable of \$185,851 and sales tax receivable of \$100,692. An allowance for uncollectible property taxes in the amount of \$192,168 has been recorded as of March 31, 2024. All other amounts are considered fully collectible.

Accounts receivable for the water and sewer fund as of March 31, 2024, amounted to \$168,974. An allowance for uncollectible water billings in the amount of \$12,355 has been recorded as of March 31, 2024.

Receivables in the garbage fund totaling \$53,842 as of March 31, 2024, with an allowance for uncollectible garbage billings in the amount of \$1,287.

Notes receivable for the ADC and IDC funds are reported in the governmental activities as of March 31, 2024, and amounted to \$59,425.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 5: Capital Assets

Capital asset activity for the year ended March 31, 2024, was as follows:

Governmental activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 151,196	\$ _____	\$ _____	\$ 151,196
Total capital assets not being depreciated	<u>151,196</u>	<u>-</u>	<u>-</u>	<u>151,196</u>
Capital assets being depreciated:				
Buildings and improvements	2,247,231	230,505		2,477,736
Machinery and equipment	2,127,954	296,958	(30,677)	2,394,235
Infrastructure	7,554,952			7,554,952
ROU assets	946,721		(450,129)	496,592
SBITA assets		80,890		80,890
Total capital assets being depreciated	<u>12,876,858</u>	<u>608,353</u>	<u>(480,806)</u>	<u>13,004,405</u>
Less accumulated depreciation for:				
Buildings and improvements	(787,009)	(83,683)		(870,692)
Machinery and equipment	(1,137,898)	(177,236)	30,676	(1,284,458)
Infrastructure	(6,060,868)	(166,019)		(6,226,887)
ROU assets	(540,198)	(189,685)	515,630	(214,253)
SBITA assets		(12,607)		(12,607)
Total accumulated depreciation	<u>(8,525,973)</u>	<u>(629,230)</u>	<u>546,306</u>	<u>(8,608,897)</u>
Governmental activities capital assets, net	\$ 4,502,081	\$ (20,877)	\$ 65,500	\$ 4,546,704

Depreciation and amortization was charged to functions as follows:

General government	\$ 55,538
Streets	423,543
Public safety	89,020
Culture and recreation	61,129
	<u>\$ 629,230</u>

Business-type activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 200,944	\$ _____	\$ _____	\$ 200,944
Total capital assets not being depreciated	<u>200,944</u>	<u>-</u>	<u>-</u>	<u>200,944</u>
Capital assets being depreciated:				
Buildings and improvements	9,376,908	393,201		9,770,109
Machinery and equipment	1,310,474	535,111	(26,190)	1,819,395
ROU assets	334,758	346,139	(73,523)	607,374
Total capital assets being depreciated	<u>11,022,140</u>	<u>1,274,451</u>	<u>(99,713)</u>	<u>12,196,878</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,131,559)	(230,247)		(5,361,806)
Machinery and equipment	(842,203)	(121,105)	26,190	(937,118)
ROU assets	(163,891)	(140,127)	62,522	(241,496)
Total accumulated depreciation	<u>(6,137,653)</u>	<u>(491,479)</u>	<u>88,712</u>	<u>(6,540,420)</u>
Business-type activities capital assets, net	\$ 5,085,431	\$ 782,972	\$ (11,001)	\$ 5,857,402

Depreciation and amortization charged to the water and garbage operations was \$491,479.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 6: Long-Term Obligations

Long-Term Obligation Activity

A summary of long-term liability activity for the year ended March 31, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Certificates of obligation (2006)	\$ 58,000	\$	\$ (18,000)	\$ 40,000	\$ 19,000
Certificates of obligation (2017A)	408,500		(78,000)	330,500	80,000
Certificates of obligation (2017B)	200,200		(17,150)	183,050	17,850
Certificates of obligation (2021)	360,000		(20,000)	340,000	20,000
John Deere finance lease	178,572		(178,572)	-	-
Cat Financial finance lease	213,978		(27,802)	186,176	29,224
Wells Fargo finance lease	58,870		(58,870)	-	-
Cat Financial finance lease	166,059		(19,994)	146,065	21,006
PNC lease		67,473	(9,062)	58,411	22,515
John Deere loan		127,433		127,433	25,028
Vehicle loan	57,279		(37,086)	20,193	-
Street loan	111,019		(26,435)	84,584	27,267
Tractor loan	96,662		(17,087)	79,575	18,096
Verkada SBITA		35,280		35,280	8,251
Kologik SBITA		19,795		19,795	8,931
Compensated absences	5,620	2,597		8,217	-
Total OPEB liability	<u>20,045</u>	<u>1,515</u>		<u>21,560</u>	-
Total	\$ 1,934,804	\$ 254,093	\$ (508,058)	\$ 1,680,839	\$ 297,168

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

In the governmental activities long-term obligations at March 31, 2024, are summarized as follows:

Certificates of Obligation

United States of America general obligation refunding bond (2006 Series) of \$210,000 dated June 8, 2006, payable in annual principal and interest payments due February 15, and the additional interest payments due August 15, with interest rate of 9.50%, final payment due February 15, 2026.	\$ 40,000
First National Bank of Anson general obligation refunding bonds (2017B Series) issued to refund existing debt of \$795,000 of which, \$278,250 relates to governmental activities, dated November 1, 2017, payable in annual principal and interest payments due November 15, and the additional interest payments due November 15, with interest rate of 3.25%, final payment due November 15, 2032.	183,050
Texas Combination Tax and Revenue Certificates of Obligation (2017A Series) of \$774,000 issued to pay contractual obligations to be incurred to repair and resurface roads dated June 1, 2017, payable in annual principal and interest payments due June 15, and the additional interest payments due December 15, with interest rate of 2.26%, final payment due June 1, 2027.	330,500
Texas Certificates of Obligation (2021 Series) of \$380,000 issued to pay contractual obligations to be incurred to construct a storage building, construction of roads, and upgrades to water and sewer lines dated April 26, 2021, payable in annual principal and interest payments due July 15, and the additional interest payments due January 15, with interest rate of 2.487%, final payment due July 15, 2036.	340,000
Total certificates of obligation	\$ 893,550

Maturities of the certificates of obligation are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 136,850	\$ 24,564	\$ 161,414
2026	145,700	19,792	165,492
2027	127,400	14,716	142,116
2028	130,100	11,567	141,667
2029	45,300	9,339	54,639
2030	46,000	8,054	54,054
2031	46,700	6,747	53,447
2032	47,400	5,416	52,816
2033	48,100	4,063	52,163
2034	30,000	2,625	32,625
2035	30,000	1,875	31,875
2036	30,000	1,125	31,125
2037	30,000	375	30,375
	\$ 893,550	\$ 110,258	\$ 1,003,808

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Notes Payable

First National Bank of Anson issued a note payable in the amount of \$57,279 on March 24, 2022 for police vehicles, payable in annual principal and interest payments due April 1, with interest rate of 3.50%, final payment due April 1, 2025.	\$ 20,193
First National Bank of Anson issued a note payable in the amount of \$136,500 on April 15, 2022, for road construction drainage and road improvements, payable in annual principal and interest payments due April 15, with interest rate of 3.25%, final payment due April 15, 2026.	84,584
First National Bank of Anson issued a note payable in the amount of \$96,662 on June 29, 2022, for a Kioti tractor, payable in annual principal and interest payments due June 29, with interest rate of 5.75%, final payment due June 29, 2027.	79,575
John Deere Financial of \$127,433 issued September 25, 2023 for a motor grader, payable in annual principal and interest payments due April 25, with interest rate of 7%, final payment due April 25, 2028.	<u>127,433</u>
Total notes payable	\$ <u>311,785</u>

Maturities of the note payable are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 70,391	\$ 12,699	\$ 83,090
2026	90,590	13,400	103,990
2027	74,126	9,019	83,145
2028	48,427	5,126	53,553
2029	28,251	1,983	30,234
	<u>\$ 311,785</u>	<u>\$ 42,227</u>	<u>\$ 354,012</u>

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Leases Payable

PNC Equipment Finance (2023) of \$69,545 issued September 20, 2023 for a Bobcat compact track loader and severe duty bucket, payable in monthly principal and interest payments, with interest rate of 4.88%, final payment due October 1, 2026.	\$ 58,411
Cat Financial (2021) of \$269,090 issued January 28, 2021 for a vibratory soil compactor and a pneumatic compactor, payable in monthly principal and interest payments due on the last day of the month, with interest rate of 5%, final payment due February 28, 2026.	186,176
Cat financial (2021) of \$185,060 issued August 31, 2021 for a single drum soil compactor, payable in annual principal and interest payments due on the 31 st of each month, with interest rate of 4.954%, final payment due August 31, 2026.	<u>146,065</u>
Total finance leases payable	<u>\$ 390,652</u>

Maturities of the finance lease obligations are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 72,745	\$ 18,393	\$ 91,138
2026	202,661	13,626	216,287
2027	<u>115,246</u>	<u>5,390</u>	<u>120,636</u>
	<u>\$ 390,652</u>	<u>\$ 37,409</u>	<u>\$ 428,061</u>

Subscription-Based Information Technology Agreement Payable

The City entered into an arrangement with Vekada for \$52,469 dated July 6, 2023 for security software, payable in annual and principal payments of \$8,252 due on July 6th, with interest rate of 4.37%, final payment due July 6, 2028.	\$ 35,280
The City entered into an arrangement with Kologik for \$28,040 dated October 1, 2023 for police software, payable in annual and principal payments of \$8,930 due on September 30th, with interest rate of 4.88%, final payment due September 30, 2026.	<u>19,795</u>
Total SBITA payable	<u>\$ 55,075</u>

Maturities of the subscription-based information technology agreement obligations are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 17,182	\$ 2,561	\$ 19,743
2026	19,484	1,747	21,231
2027	9,004	821	9,825
2028	<u>9,405</u>	<u>419</u>	<u>9,824</u>
	<u>\$ 55,075</u>	<u>\$ 5,548</u>	<u>\$ 60,623</u>

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

The following is a schedule of maturities of certificates of obligation, finance lease, SBITA, and notes payable by year and in aggregate:

Year Ending March 31,	
2025	\$ 297,168
2026	458,435
2027	325,776
2028	187,932
2029+	<u>381,751</u>
	 <u>\$ 1,651,062</u>

In the business-type activities long-term obligations at March 31, 2024, are summarized as follows:

Long-Term Obligation Activity

A summary of long-term liability activity for the year ended March 31, 2024, are as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Certificates of obligation (2017B)	\$ 371,800	\$	\$ (31,850)	\$ 339,950	\$ 33,150
Certificates of obligation (2019A)	2,746,519		(53,681)	2,692,838	54,758
Certificates of obligation (2019B)	812,176		(15,875)	796,301	16,193
Notes Payable – Meters/Equipment	283,460		(30,907)	252,553	32,102
Note Payable – Generator Loan	50,872		(6,930)	43,942	7,933
Notes Payable – Vactor Truck		396,797	(56,912)	339,885	37,477
Note Payable – PD Chevy		64,156		64,156	10,508
Note Payable – Garbage Loan	90,365		(31,031)	59,334	32,876
Finance Lease - Excavator	62,901		(18,633)	44,268	44,268
Finance Lease - Front end loader	87,262		(10,210)	77,052	77,052
Finance Lease - Backhoe	70,016		(10,582)	59,434	10,909
Finance Lease - Forklift		75,771	(10,177)	65,594	25,284
Finance Lease - Backhoe		185,526		185,526	27,352
Finance Lease - Track loader	82,515		(15,354)	67,161	16,038
Compensated absences	44,501	3,251		47,752	-
Total OPEB liability	<u>19,331</u>	<u>2,018</u>		<u>21,349</u>	<u>-</u>
Total	<u>\$ 4,721,718</u>	<u>\$ 727,519</u>	<u>\$ (292,142)</u>	<u>\$ 5,157,095</u>	<u>\$ 425,900</u>

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Certificates of Obligation

First National Bank of Anson general obligation refunding bonds (2017B Series) issued to refund existing debt of \$795,000 of which, \$516,750 relates to business-type activities, dated November 1, 2017, payable in annual principal and interest payments due November 15, and the additional interest payments due November 15, with interest rate of 3.25%, final payment due November 15, 2032.	\$ 339,950
United States Department of Agriculture revenue bond (2020A Series) issued to refund existing debt of \$2,394,000 plus outstanding interest, was issued in the amount of \$2,915,000 dated December 18, 2020, payable in monthly principal and interest payments with an interest rate of 1.75%, final payment due December 18, 2059.	2,692,838
United States Department of Agriculture revenue bond (2020B Series) issued to refund existing debt of \$728,000 plus outstanding interest, was issued in the amount of \$862,000 dated December 18, 2020, payable in monthly principal and interest payments with an interest rate of 1.75%, final payment due December 18, 2059.	<u>796,301</u>
Total certificates of obligation	<u>\$ 3,829,089</u>

Maturities of the certificates of obligation are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 104,101	\$ 66,021	\$ 170,122
2026	106,002	64,230	170,232
2027	108,576	62,408	170,984
2028	111,019	60,695	171,714
2029	113,789	58,635	172,424
2030	116,431	56,679	173,110
2031	119,097	54,679	173,776
2032	121,648	52,773	174,421
2033	124,499	50,546	175,045
2034	83,039	48,409	131,448
2035	84,503	46,945	131,448
2036	85,872	45,576	131,448
2037	87,509	43,939	131,448
2038	89,053	42,395	131,448
2039	90,624	40,824	131,448
2040	92,117	39,331	131,448
2041	93,847	37,601	131,448
2042	95,503	35,945	131,448
2043	97,188	34,260	131,448
2044	98,815	32,633	131,448
2045	100,645	30,803	131,448
2046	102,421	29,027	131,448
2047	104,228	27,220	131,448
2048	105,999	25,449	131,448

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2049	\$ 107,936	\$ 23,512	\$ 131,448
2050	109,840	21,608	131,448
2051	111,778	19,670	131,448
2052	113,704	17,744	131,448
2053	115,756	15,692	131,448
2054	117,798	13,650	131,448
2055	119,876	11,572	131,448
2056	121,968	9,480	131,448
2057	124,142	7,306	131,448
2058	126,332	5,116	131,448
2059	128,561	2,887	131,448
2060	<u>94,873</u>	<u>678</u>	<u>95,551</u>
	<u><u>\$ 3,829,089</u></u>	<u><u>\$ 1,235,938</u></u>	<u><u>\$ 5,065,027</u></u>

Notes Payable

Prosperity Bank note of \$470,000 dated March 23, 2015 for water meters and heavy equipment payable in annual installments due April 1, with an interest rate of 3.87% with maturity on April 1, 2030.	\$ 252,553
First National Bank of Anson note payable for \$362,565 to acquire landfill equipment payable in annual installments due February 24, with an interest rate of 5.5%, maturing on February 24, 2026.	59,334
First National Bank of Anson note payable dated January 30, 2020 for \$77,525 to acquire a generator payable in annual installments due January 30, with an interest rate of 5.5%, maturing on January 30, 2029.	43,942
KS StateBank note payable dated May 22, 2023 for \$396,797 to acquire sewer utility equipment payable in annual installments due June 1, with an interest rate of 6.5%, maturing on June 1, 2028.	339,885
First National Bank of Anson note payable dated June 13, 2023 for \$64,156 to acquire a police truck payable in annual installments due June 13, with an interest rate of 8.25%, maturing on June 13, 2028.	<u>64,156</u>
Total notes payable	<u>\$ 759,870</u>

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Maturities of the notes payable are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 120,896	\$ 42,736	\$ 163,632
2026	119,540	35,943	155,483
2027	98,236	29,190	127,426
2028	103,854	23,572	127,426
2029	238,422	17,609	256,031
2030	38,814	3,062	41,876
2031	40,108	1,560	41,668
	<hr/>	<hr/>	<hr/>
	\$ 759,870	\$ 153,672	\$ 913,542

Finance Leases Payable

John Deere Financial lease purchase agreement of \$121,457 dated November 15, 2020 for an excavator in annual installments payable in annual principal and interest payments due November 15, with an interest rate of 3.7% with a balloon payment due on December 15, 2024.	\$ 44,268
John Deere Financial lease purchase agreement of \$132,917 dated September 25, 2020 for a front end loader, payable in annual principal and interest payments due October 18, with an interest rate of 3.7% with a balloon payment due on October 18, 2024.	77,052
Cat Financial lease purchase agreement of \$90,240 dated March 5, 2021 for a backhoe loader, payable in annual principal and interest payments due March 5, with an interest rate of 3.04% with a balloon payment due on March 5, 2026.	59,434
John Deere Financial lease purchase agreement of \$185,526 dated October 10, 2023 for a backhoe loader, payable in annual principal and interest payments due April 15, with an interest rate of 3.5% with a balloon payment due on May 15, 2028.	185,526
BFG Corporation lease purchase agreement of \$75,771 dated July 26, 2023 for a forklift, payable in monthly principal and interest payments, with an interest rate of 4.88% with final payment due on September 30, 2026.	65,594
Cat Financial lease purchase agreement of \$99,631 dated July 15, 2022 for a compact track loader, payable in annual principal and interest payments due August 18, with an interest rate of 0.08% with a balloon payment due on August 18, 2027.	67,161
Total finance leases payable	\$ 499,035

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Maturities of the finance lease obligations are as follows:

Fiscal Year Ending March 31,	Principal	Interest	Total Requirement
2025	\$ 200,903	\$ 15,575	\$ 216,478
2026	115,815	11,904	127,719
2027	56,158	7,577	63,735
2028	44,111	5,663	49,774
2029	<u>82,048</u>	<u>4,081</u>	<u>86,129</u>
	<u><u>\$ 499,035</u></u>	<u><u>\$ 44,800</u></u>	<u><u>\$ 543,835</u></u>

The following is a schedule of maturities of certificates of obligation, notes payable, and finance leases by year and in aggregate:

Year Ending March 31,
2025
2026
2027
2028
2029+
<u><u>\$ 425,693</u></u>
<u><u>341,357</u></u>
<u><u>262,970</u></u>
<u><u>258,984</u></u>
<u><u>3,798,990</u></u>
<u><u>\$ 5,087,994</u></u>

Note 7: 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. During fiscal year 2024, the City obtained 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 (TMLIRP). TMLIRP is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TMLIRP for insurance coverage. The agreement for the formation of TMLIRP provides that TMLIRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims over acceptable risk levels; however, each category of coverage has its 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 any settled claims have not exceeded coverage in any of the past three fiscal years.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 8: Interfund Transfers

The composition of interfund balances as of March 31, 2024, is as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 10,816
General Fund	Opera House Fund	3,000
VFD Fund	General Fund	2,139
ADC	General Fund	6,293
IDC	General Fund	<u>18,150</u>
		\$ <u>40,398</u>

The above balances reflect temporary cash advances.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Water Fund	General Fund	\$ 193,527
Water Fund	Garbage Fund	76
Garbage Fund	Water Fund	56,778
Garbage Fund	General Fund	84,756
General Fund	Fire Department Fund	31,500
General Fund	Garbage	5,085
General Fund	Water Fund	<u>192,941</u>
		\$ <u>564,663</u>

Note 9: Tax Abatements

The City of Anson negotiates property tax abatement agreements with local businesses on an individual basis. All agreements are negotiated under state law (Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act"), which allows the City to abate property taxes to any business located inside the City of Anson to promote the development/redevelopment of certain contiguous geographic areas within its jurisdiction. The City of Anson may grant abatements of up to 100 percent of annual property tax values. The City of Anson has two maintenance and operation tax abatement agreements as follows:

- Mark & Twila Haechten, Haechten Crop Insurance, 90% of taxes abated over 10 years, reduced to 80% on year 2, 70% on year 3, 60% on year 4, 50% on year 5, 40% on year 6, 30% on year 7, 20% on year 8, 10% on year 9 and 0% on year 10, beginning January 2016 and ending January 2025. The abatement amounted to \$451 of reduced taxes for fiscal year 2024. The City of Anson received \$787 in 2024 in consideration for the tax abatement agreement. The purpose of the abatement is for the construction and employment of a crop insurance sales and service facility.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Note 10: Pension Plans

Retirement Pension Plan

Plan Description

The City of Anson participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. Members are vested after five years of services but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdrew their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits 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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>24</u>
Total Participants	<u>77</u>

Contributions

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

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Employees for the City of Anson were required to contribute 5.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 1.80% in the calendar year 2023 and 1.93% in the calendar year 2024. The City's contributions to TMRS for the year ended March 31, 2024, were \$14,645, and were equal to the required contributions.

Net Pension Liability / (Asset)

Actuarial Assumptions

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

Inflation	2.50%	
Overall payroll growth	2.75%	
Investment rate of return	6.75%	This rate represents the assumed return, net of all investment and administrative expenses.

Salary increases were based on a service-related table. Mortality rates for retirees, and beneficiaries were based on 2019 Municipal Retirees of Texas Mortality Tables with rates 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 100%. For disabled annuitants, the mortality table for a healthy retiree is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. For pre-retirement mortality, the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females were used. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Actuarial assumptions used in the December 31, 2023, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018, first used in the December 31, 2019 valuation. For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates until 2027 were based on a mortality study performed in 2013, with the factors phasing into being based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with Scale BB. The current table of APRs is explicitly valued through 2032 and then it is assumed the APRs and the valuation mortality assumptions will be consistent over time. For members, a unisex blend of 70% of the male table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

The long-term expected rate of return on pension plan investments was determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Other public & private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	10.00%	10.00%

Discount Rate

The discount rate used to measure the Total Pension Asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions would be made at the rates specified in the TMRS annual report. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of currently 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.

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances as of December 31, 2022	\$ 1,457,663	\$ 1,615,004	\$ (157,341)
Changes for the year:			
Service cost	73,016		73,016
Interest on total pension liability	98,880		98,880
Change of benefit terms			-
Difference between expected and actual experience	(14,095)		(14,095)
Change in assumptions	(7,406)		(7,406)
Benefit payments	(58,574)	(58,574)	-
Administrative expenses		(1,190)	1,190
Member contributions		48,613	(48,613)
Net investment income		186,265	(186,265)
Employer contributions		14,195	(14,195)
Other	(8)		8
Balances as of December 31, 2023	\$ 1,549,484	\$ 1,804,305	\$ (254,821)

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Sensitivity of the Net Pension Liability / (Asset) to Changes in the Discount Rate

The following presents the net pension liability / (asset) of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability / (asset) would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension liability / (asset)	\$ (87,207)	\$ (254,821)	\$ (397,598)

Pension Plan Fiduciary Net Position

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

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

For the year ended March 31, 2024, the City recognized total pension income of \$13,829.

As of March 31, 2024, the City reported on the Statement of Net Position deferred outflows of resources related to pensions from the following sources:

Contributions subsequent to measurement date	\$ 16,075
Difference between projected and actual experience	<u>133,863</u>
Total	\$ 149,938

Deferred outflows of resources related to contributions subsequent to the measurement date of \$16,075 will be recognized as an increase to the net pension asset for the year ending March 31, 2024. Remaining net deferred outflows of resources related to pensions totaling \$133,863 will be recognized in pension expense for the years ending March 31, 2025, 2026, and 2027 in the amounts of \$48,678, \$48,678 and \$36,507, respectively.

As of March 31, 2024, the City reported on the Statement of Net Position deferred inflows of resources related to pensions from the following sources:

Difference between projected and actual investment earnings	\$ 91,400
Difference between projected and actual assumptions	4,043
Difference between projected and actual experience	<u>14,414</u>
Total	\$ 109,857

Net deferred inflows of resources related to pensions totaling \$109,857 will be recognized as a reduction of pension expense for the years ending March 31, 2025, 2026, 2027, and 2028 in the amounts of (\$49,176), (\$33,643), (\$15,451), and (\$11,587) respectively.

Note 11: Other Post-Employment Benefits (OPEB)

Plan Description

The City also participates in the cost-sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). For purposes of reporting under GASB Statement No. 75, the retiree portion of the SDBF does not meet the definition of a trust and is not considered a cost-sharing plan and is instead considered

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

a single-employer, defined benefit OPEB plan. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City offered SDBF to active employees and retirees in the 2023 and 2024 plan years.

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 months preceding the month of death). The death benefit for retirees is considered an "other post-employment benefit," or OPEB, and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. 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. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

Contributions

The City determines rates based on an actuarially determined rate. The City's average contribution rate was 5.75% of covered payroll as of the measurement date of December 31, 2023. Employees are not required to contribute to the plan.

Employees covered by benefit terms.

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

Inactive employees currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>24</u>
Total participants	<u>29</u>

Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those participating in the SDBF benefit.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77%, which is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2023

Administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. Salary increases were based on a service-related table. Mortality rates for service retirees and beneficiaries were based on gender-distinct 2019 Municipal Retirees of Texas mortality tables with rates projected on a fully generational basis by Scale UMP to account for future mortality improvements and based on the City's size, the rates were multiplied by an additional factor of 100%.

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

For disabled annuitants, the mortality table for a healthy retiree is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

For pre-retirement mortality, the PUB(10) mortality tables, with the Public Safety table for males and the General Employee table for females were used. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2023 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018, first used in the December 31, 2019 valuation. Assumptions are reviewed annually. No additional changes were made for the 2021 valuation.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023. Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as equal to the employer's yearly contribution for retirees.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of December 31, 2022	\$ 39,376
Changes for the year:	
Service cost	2,431
Interest on total OPEB liability	1,618
Difference in expected and actual experience	(983)
Changes in assumptions	1,731
Benefit payments	<u>(1,264)</u>
Balances as of December 31, 2023	\$ <u>42,909</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City calculated using the discount rate of 1.80% as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease	Current Rate	1% Increase
	<u>(2.77%)</u>	<u>(3.77%)</u>	<u>(4.77%)</u>
Total OPEB liability	\$ 49,093	\$ 42,909	\$ 37,623

CITY OF ANSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

OPEB Expense

Contributions subsequent to measurement date	\$ 933
Change in OPEB liability	<u>(647)</u>
Total OPEB expense	\$ 286

Deferred Outflows (Inflows) of Resources

For the year ended March 31, 2024, the City recognized OPEB expense of \$286. The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in assumptions and other Inputs	\$ 5,582	\$ (11,398)
Difference in expected and actual experience	-	(8,298)
Contributions made subsequent to measurement date	<u>933</u>	-
Total	\$ 6,515	\$ (19,696)

Deferred outflows of resources related to contributions subsequent to the measurement date of \$933 will be recognized as a decrease in the total OPEB liability for the year ending March 31, 2024. Remaining net deferred outflows of resources related to OPEB totaling \$5,582 will be recognized in OPEB expense for the years ending March 31, 2025, 2026, 2027, 2028, and 2029 in the amounts of \$2,406, \$1,832, \$598, \$359 and \$387, respectively.

Deferred inflows of resources related to OPEB totaling \$19,696 will be recognized in OPEB expense for the years ending March 31, 2025, 2026, 2027, 2028, and 2029 in the amounts of (\$5,581), (\$4,708), (\$3,244), (\$2,688), and (\$3,475), respectively.

Note 12: Prior Period Adjustment

A prior period adjustment totaling \$12,678 was made to reduce the beginning net position of the garbage fund financial statements to account for leases that were not recorded in the prior year.

Required Supplementary Information

CITY OF ANSON, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2024

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual Amount	
Beginning Budgetary Fund Balance	\$ 708,743	\$ 708,743	\$ 708,743	\$ -
Resources (Inflows):				
Taxes:				
Property tax	1,016,000	1,016,000	1,090,095	74,095
Sales tax	420,000	420,000	487,669	67,669
Other tax	68,000	68,000	88,080	20,080
Total taxes	<u>1,504,000</u>	<u>1,504,000</u>	<u>1,665,844</u>	<u>161,844</u>
Miscellaneous:				
Charges for services	22,500	22,500	25,913	3,413
Fines and fees	100,000	100,000	116,917	16,917
Grant proceeds			27,502	27,502
Miscellaneous	51,800	51,800	278,455	226,655
Total miscellaneous	<u>174,300</u>	<u>174,300</u>	<u>448,787</u>	<u>274,487</u>
Transfers In	<u>8,220</u>	<u>8,220</u>	<u>278,283</u>	<u>270,063</u>
Amounts available for appropriation	<u>2,395,263</u>	<u>2,395,263</u>	<u>3,101,657</u>	<u>706,394</u>
Charges to Appropriations (Outflows):				
General government	558,562	558,562	571,830	(13,268)
Judicial and legal	96,103	96,103	94,196	1,907
Public safety	462,495	462,495	996,958	(534,463)
Streets	483,344	483,344	616,436	(133,092)
Culture and recreation	<u>86,016</u>	<u>86,016</u>	<u>221,283</u>	<u>(135,267)</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>229,526</u>	<u>(229,526)</u>
Total charges to appropriations	<u>1,686,520</u>	<u>1,686,520</u>	<u>2,730,229</u>	<u>(1,043,709)</u>
Ending Budgetary Fund Balance	\$ <u>708,743</u>	\$ <u>708,743</u>	\$ <u>371,428</u>	\$ <u>(337,315)</u>

Notes to Budgetary Comparison Schedule - General Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified-accrual basis of accounting as applied to the governmental fund in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

CITY OF ANSON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET)
AND RELATED RATIOS - PENSION PLAN
FOR THE YEAR ENDED MARCH 31, 2024 *

	Measurement Date 12/31/2023	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability:										
Service cost	\$ 73,016	\$ 69,105	\$ 66,309	\$ 65,186	\$ 50,258	\$ 46,361	\$ 45,203	\$ 48,809	\$ 46,858	\$ 48,256
Interest on total pension liability	98,880	92,951	86,524	88,517	84,518	80,643	79,654	75,685	71,315	70,961
Change in benefit terms including substantively automatic status				21,304				6,050		
Difference between expected and actual experience	(14,095)	(20,002)	(7,732)	(102,953)	(9,746)	(15,946)	(56,217)	(16,745)	(15,287)	(19,127)
Change in assumptions	(7,406)				(11,044)				36,590	
Benefit payments / refunds of contributions	(58,574)	(53,794)	(48,753)	(112,926)	(54,104)	(57,094)	(52,025)	(42,263)	(45,798)	(102,577)
Net change in total pension liability	91,821	88,260	96,348	(40,872)	59,882	53,964	16,615	71,536	93,678	(2,487)
Total pension liability, beginning	1,457,663	1,369,403	1,273,055	1,313,927	1,254,045	1,200,081	1,183,466	1,111,930	1,018,252	1,020,739
Total pension liability, ending (a)	1,549,484	1,457,663	1,369,403	1,273,055	1,313,927	1,254,045	1,200,081	1,183,466	1,111,930	1,018,252
Fiduciary Net Position:										
Employer contributions	14,195	13,854	18,828	15,574	13,959	10,965	10,207	17,066	10,321	23,562
Member contributions	48,613	46,819	45,480	43,749	40,926	38,378	36,454	43,124	38,345	32,728
Investment income net of investment expenses	186,265	(126,328)	197,903	110,953	195,874	(39,386)	161,034	72,533	1,578	56,262
Benefit payments / refunds of contributions	(58,574)	(53,794)	(48,753)	(112,926)	(54,104)	(57,094)	(52,025)	(42,263)	(45,798)	(62,277)
Administrative expenses	(1,190)	(1,095)	(918)	(720)	(1,109)	(762)	(835)	(819)	(961)	(587)
Other	(8)	1,307	6	(27)	(32)	(40)	(42)	(44)	(47)	(48)
Net change in fiduciary net position	189,301	(119,238)	212,546	56,603	195,514	(47,939)	154,793	89,597	3,438	49,640
Fiduciary net position, beginning	1,615,004	1,734,242	1,521,696	1,465,093	1,269,579	1,317,518	1,162,725	1,073,128	1,069,690	983,443
Fiduciary net position, ending (b)	1,804,305	1,615,004	1,734,242	1,521,696	1,465,093	1,269,579	1,317,518	1,162,725	1,073,128	1,033,083
Net pension liability / (asset), ending ((a) - (b))	\$ (254,821)	\$ (157,341)	\$ (364,839)	\$ (248,641)	\$ (151,166)	\$ (15,534)	\$ (117,437)	\$ 20,741	\$ 38,802	\$ (14,831)
Fiduciary net position as a % of total pension liability	116.45%	110.79%	126.64%	119.53%	111.50%	101.24%	109.79%	98.25%	96.51%	101.46%
Pensionable covered payroll	\$ 972,253	\$ 936,381	\$ 909,594	\$ 874,973	\$ 818,526	\$ 767,564	\$ 729,079	\$ 798,839	\$ 766,909	\$ 654,559
Net pension liability / (asset) as a % of covered payroll	-26.21%	-16.80%	-40.11%	-28.42%	-18.47%	-2.02%	-16.11%	2.60%	5.06%	-2.27%

* A full 10-year schedule will be displayed as it becomes available

CITY OF ANSON, TEXAS

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

Period Ending March 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll**	Actual Contribution as a % of Covered Payroll
2015	\$ 13,556	\$ 13,556	\$ -	\$ 730,002	1.86%
2016	\$ 14,814	\$ 14,814	\$ -	\$ 768,413	1.93%
2017	\$ 13,847	\$ 13,847	\$ -	\$ 785,486	1.76%
2018	\$ 12,415	\$ 12,415	\$ -	\$ 743,387	1.67%
2019	\$ 12,894	\$ 12,894	\$ -	\$ 772,099	1.67%
2020	\$ 16,598	\$ 16,598	\$ -	\$ 840,786	1.97%
2021	\$ 18,433	\$ 18,433	\$ -	\$ 882,273	2.09%
2022	\$ 20,031	\$ 20,031	\$ -	\$ 919,316	2.18%
2023	\$ 15,922	\$ 15,922	\$ -	\$ 931,318	1.71%
2024	\$ 18,102	\$ 18,102	\$ -	\$ 987,968	1.83%

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

N/A

Asset valuation method

10 year smoothed market; 12% soft corridor

Inflation

2.5%

Salary increases

3.6% to 11.85% including inflation

Investment rate of return

6.75%

Retirement age

Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Pre-retirement: PUB(10) mortality tables, with the 110% Public Safety table used for males and the 100% General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other information

There were no benefit changes during the year.

** Payroll is calculated based on contributions as reported to TMRS

CITY OF ANSON, TEXAS**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - OPEB PLAN**
FOR THE YEAR ENDED MARCH 31, 2024 *

	Measurement Date 12/31/2023	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018
Total OPEB Liability:						
Service cost	\$ 2,431	\$ 4,495	\$ 4,184	\$ 3,850	\$ 2,456	\$ 2,072
Interest on total OPEB liability	1,618	995	1,040	1,505	1,638	1,494
Difference in experience	(983)	(2,465)	(3,372)	(13,227)	(1,019)	(1,518)
Effect of assumption changes or inputs	1,731	(14,938)	1,266	5,952	7,230	(2,674)
Benefit payments / refunds of contributions	(1,264)	(1,030)	(1,455)	(437)	(409)	(691)
Net change in total OPEB liability	3,533	(12,943)	1,663	(2,357)	9,896	(1,317)
Total OPEB liability, beginning	39,376	52,319	50,656	53,013	43,117	44,434
Total OPEB liability, ending	\$ 42,909	\$ 39,376	\$ 52,319	\$ 50,656	\$ 53,013	\$ 43,117
Covered payroll	\$ 972,253	\$ 936,381	\$ 909,594	\$ 874,973	\$ 818,527	\$ 767,564
Total OPEB liability as a % of covered payroll	4.41%	4.21%	5.75%	5.79%	6.48%	5.62%

* A full 10-year schedule will be displayed as it becomes available

Other Supplementary Information

CITY OF ANSON, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2024

	Component Unit ADC	Component Unit IDC	Anson Volunteer Fire Department	Opera House	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 32,236	\$ 30,854	\$ 100,533	\$ 8,164	\$ 171,787
Certificates of deposit			38,344		38,344
Due from other funds	6,293	18,150	2,139		26,582
Prepaid expenses			124		124
Total Assets	\$ 38,529	\$ 49,004	\$ 141,140	\$ 8,164	\$ 236,837
LIABILITIES FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$ 8,997	\$	\$	\$ 8,997
Due to other funds				3,000	3,000
Total Liabilities	-	8,997	-	3,000	11,997
Fund Balances:					
Assigned	38,529	40,007	141,016	5,164	224,716
Nonspendable			124		124
Total Fund Balance	38,529	40,007	141,140	5,164	224,840
Total Liabilities and Fund Balance	\$ 38,529	\$ 49,004	\$ 141,140	\$ 8,164	\$ 236,837

CITY OF ANSON, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2024

	Component Unit ADC	Component Unit IDC	Anson Volunteer Fire Department	Opera House	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 34,833	\$ 34,833	\$ 20,429	\$ 23	\$ 69,666
Donation income					20,429
Interest	407	1,029	808		2,267
Other	21,975	483	9,517	11,235	43,210
Total Revenues	<u>57,215</u>	<u>36,345</u>	<u>30,754</u>	<u>11,258</u>	<u>135,572</u>
EXPENDITURES					
Culture and recreation	94,759			9,365	104,124
Economic development	340	4,212			4,552
Public safety			37,459		37,459
Capital outlay	37,478	59,568			97,046
Total Expenditures	<u>132,577</u>	<u>63,780</u>	<u>37,459</u>	<u>9,365</u>	<u>243,181</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(75,362)</u>	<u>(27,435)</u>	<u>(6,705)</u>	<u>1,893</u>	<u>(107,609)</u>
OTHER FINANCING SOURCES (USES)					
Note payments received	4,648	3,911			8,559
Transfers in			31,500		31,500
Total Other Financing Sources (Uses)	<u>4,648</u>	<u>3,911</u>	<u>31,500</u>	<u>-</u>	<u>40,059</u>
Excess (Deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(70,714)</u>	<u>(23,524)</u>	<u>24,795</u>	<u>1,893</u>	<u>(67,550)</u>
Fund Balance, Beginning of Year	<u>109,243</u>	<u>63,531</u>	<u>116,345</u>	<u>3,271</u>	<u>292,390</u>
Fund Balance, End of Year	<u>\$ 38,529</u>	<u>\$ 40,007</u>	<u>\$ 141,140</u>	<u>\$ 5,164</u>	<u>\$ 224,840</u>

Internal Control Section

September 23, 2024

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Mayor, Members of the City Council
City of Anson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the City of Anson, Texas (the City), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness which is described in the accompanying schedule of findings and responses as item 2024-002.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-001.

The City's Response to Findings

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

Purpose of this Report

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

Condley and Company, L.L.P.

Certified Public Accountants

CITY OF ANSON, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended March 31, 2024

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Type of Report Issued on the Financial Statements

The Independent Auditor's Report on the financial statements of the City of Anson, Texas as of and for the year ended March 31, 2024, was an unmodified opinion.

B. Material weakness in Internal Control Disclosed by the Audit of the Financial Statements.

The audit of the financial statements of the City of Anson, Texas as of and for the year ended March 31, 2024, disclosed one material weakness in internal control.

C. Noncompliance Material to the Financial Statements

The audit disclosed one instance of noncompliance which is material to the financial statements of the City of Anson, Texas as of and for the year ended March 31, 2024.

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Compliance Findings

2024-001

Criteria: In accordance with Texas Government Code Title 10, Subtitle F, Chapter 2257, a deposit of public funds shall be secured by eligible security to the extent and in the manner required by Government Code.

Condition: During the 2024 audit of cash balances, instances of uncollateralized deposits were discovered as stated in Note 3 of the Notes to Financial Statements. Upon inquiry of management and during the confirmation process, it was discovered that the City did not have a depository contract with the bank.

Effect: Public funds are not collateralized due to City funds exceeding FDIC insurance coverage and pledged securities were not available to cover the remaining balance.

Cause: No depository contract is on file with the bank.

Recommendation: We recommend the City maintains a depository contract at a permitted institution in order to sufficiently cover all deposits of public funds.

Views of responsible official and planned corrective actions:

The Banking Facility has declined a depository contract with the City. City Council voted to continue banking with the local Banking Facility and is aware deposits are not in compliance with the City's investment policy and the Public Funds Investment Act.

CITY OF ANSON, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended March 31, 2024

B. Material Weakness in Internal Control

2024-002

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely, correctly, and in the proper reporting period, thereby providing accurate financial data.

Condition: The City has been recording its revenue and expenses on a cash basis rather than on an accrual basis. Additionally, fixed asset and debt payments in the enterprise funds are recorded to expense accounts and not reclassified to the balance sheet at year-end. Occasionally, debt payments are paid out of the improper fund resulting in material audit adjustments.

Effect: Payments for debt, fixed assets, and other liabilities were recorded as expenses and required adjustment to correct asset and liability balances. Revenues were recorded on a cash basis and required material adjustment to correct receivables and recognize revenue in the year earned.

Cause: Management is recording payments and receipts on a cash basis which is not in accordance with GASB standards.

Recommendation: We recommend that finance personnel record adjustments for enterprise funds at year-end to correct debt and fixed asset balances that were recorded on a cash basis. We further recommend that other balance sheet accounts are reviewed for accuracy.

Views of responsible official and planned corrective actions:

Fixed assets and debt are being tracked throughout the year for proper posting. At year end, the City will compile all information and perform an internal audit to ensure all accounts are properly recorded.

Any issues brought to the attention of the City staff have been addressed and corrective actions have been taken where applicable.