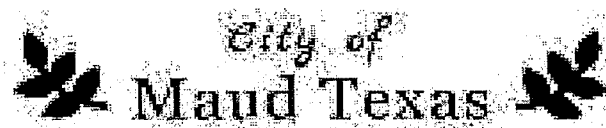


***CITY OF MAUD, TEXAS***  
***FINANCIAL REPORT***  
***FOR THE YEAR ENDED SEPTEMBER 30, 2023***



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

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***CITY OF MAUD, TEXAS***  
***CITY DIRECTORY***

**Mayor**

Jimmy Clary

**Mayor Pro Tem**

Robert Wells

**CITY COUNCIL**

Boyd Startin

Wayne Foster

Boyd Doss

Linda Price

**CITY OFFICIALS**

Darla Faulknor, Administrative Manager/Budget & Finance Director

Vicki May, City Secretary



Independent Auditor's Report

May 17, 2024

Honorable Mayor and  
Members of the City Council  
City of Maud, Texas

Members of the Council:

**Opinions**

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

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

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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, 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the management's discussion and analysis on pages 5 through 9, the budgetary comparison information on page 35, TMRS schedule of changes in net pension (asset) liability and related ratios on page 36, and TMRS schedule of pension contributions on page 37 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, on our consideration of the City of Maud, 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 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 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 Maud, Texas' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." The signature is written in a cursive, flowing style.

***WILF & HENDERSON, P.C.***  
Certified Public Accountants  
Texarkana, Texas

May 17, 2024

**CITY OF MAUD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The Management's Discussion and Analysis (MD&A) for the City of Maud, Texas (City) is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the City's financial activities;
3. Identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes that are provided in addition to this MD&A.

#### **Overview of the Financial Statements**

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the City's financial activities. The City's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

A general description of the components of the basic financial statements follows.

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to present the financial operations of the City as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. If the City determines that presentation of a component unit (which are other governmental units for which the City can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote.

The focus is on the government-wide (entity-wide) Statement of Net Position and Statement of Activities to give the reader a broad overview of the City's financial position and results of operations.

- a. The Statement of Net Position presents information on the City's position and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the City is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net position, the reader should refer to Note A – Summary of Significant Accounting Policies for an explanation of the components of net position.

- b. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, streets and signs, interest on long-term debt, and water, sewer, and garbage services) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The City uses two categories of funds to account for financial transactions: governmental funds and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include the General Fund for accounting for the City's basic services.

The Proprietary fund accounts for water, sewer, and sanitation services for the City of Maud. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the City's more immediate decisions on the current use of financial resources. We describe the differences between government-wide financial statements (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

## **Notes to the Financial Statements**

The Notes to the Financial Statements, in particular Note A – Summary of Significant Accounting Policies, present the changes in presentation and reporting required under changes in GASB standards. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements, as well as the Government-Wide and Fund Financial Statements.

## **City Highlights (Government-Wide)**

As of September 30, 2023, the City of Maud, Texas maintained an Unrestricted Net Position balance of \$747,047, an increase from last year's \$586,472. Unrestricted Net Position represents the net balance accumulated by the City above the amount of Net Investment in Capital Assets and the amount for Restricted Net Position (restricted as a result of constraints imposed by grantors, contributors, or by laws and regulations).

- As of September 30, 2023, the total of Net Investment in Capital Assets (after subtracting out debt owed on capital assets) was \$1,866,967. The prior year balance totaled \$1,871,121.
- As of September 30, 2023, the total of Restricted Net Position was \$365,785. The prior year balance totaled \$285,713.



## Government-Wide Financial Analysis

### Statement of Net Position

Included below is a Statement of Net Position for the City of Maud. The format allows the reader to view the overall financial position of the City.

#### City of Maud, Texas Statement of Net Position

	Governmental Activities		Business-Type Activities		Component Unit	
	2022	2023	2022	2023	2022	2023
Current assets	\$ 536,107	\$ 684,749	\$ 329,216	\$ 241,561	\$ 241,108	\$ 210,655
Restricted assets	-	-	61,725	130,359	-	-
Note receivable	-	-	-	-	25,763	22,874
Capital assets	272,507	300,852	1,798,134	1,695,186	35,439	97,545
Total assets	<u>808,614</u>	<u>985,601</u>	<u>2,189,075</u>	<u>2,067,106</u>	<u>302,310</u>	<u>331,074</u>
Deferred outflows of resources	4,547	9,614	6,713	15,166	-	-
Current liabilities	13,629	8,759	277,228	204,657	-	-
Noncurrent liabilities	32,849	34,134	209,196	141,636	-	-
Net pension liability (TMRS)	6,010	8,008	10,026	13,359	-	-
Total liabilities	<u>52,488</u>	<u>50,901</u>	<u>496,450</u>	<u>359,652</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources	7,538	7,236	11,477	10,973	-	-
Net position:						
Net investment in capital assets	246,744	277,978	1,588,938	1,553,550	35,439	35,439
Restricted	-	-	18,842	70,150	266,871	295,635
Unrestricted	506,391	659,100	80,081	87,947	-	-
Total net position	<u>\$ 753,135</u>	<u>\$ 937,078</u>	<u>\$ 1,687,861</u>	<u>\$ 1,711,647</u>	<u>\$ 302,310</u>	<u>\$ 331,074</u>

The composition of net position and the changes in net position over time serve as a useful indicator of a government's financial position. For the year, the City's assets at year-end exceeded liabilities by \$2,979,799. The City's net position is comprised of \$937,078 from governmental activities, \$1,711,647 from business-type activities and \$331,074 from the component unit. Of the City's net position, \$747,047 is Unrestricted Net Position.

## Statement of Activities

A Statement of Activities for the City of Maud, Texas is presented below listing the major categories of revenues and expenses for the fiscal years ended September 30, 2022 and 2023.

### City of Maud, Texas Statement of Activities

	Governmental		Business-Type		Component	
	Activities		Activities		Unit	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues:						
Charges for Services	\$ 640	\$ 4,256	\$ 827,618	\$ 894,034	\$ -	\$ -
Operating Grants and Contributions	96,456	81,610	80,560	81,635	-	-
General Revenues:						
Property Taxes and Related Revenues	176,328	218,444	-	-	-	-
Franchise Fees	32,869	31,674	-	-	-	-
Sales and Use Tax	119,449	141,417	-	-	24,004	24,856
Interest Income	3,107	27,261	1,650	12,909	1,576	7,956
Miscellaneous Income	58,149	32,898	-	-	-	-
Transfer In (Out)	(8,322)	(2,278)	9,600	(871)	(1,278)	3,149
Gain on Sale of Fixed Assets	10,310	-	-	-	26,027	-
Total Revenues	<u>488,986</u>	<u>535,282</u>	<u>919,428</u>	<u>987,707</u>	<u>50,329</u>	<u>35,961</u>
Program Expenses:						
General Government	389,299	318,831	-	-	-	-
Library	1,169	4,509	-	-	-	-
Fire Department	11,890	18,996	-	-	-	-
Streets	8,739	8,739	-	-	-	-
Interest on Long-Term Debt	273	264	-	-	-	-
Water and Sewer	-	-	832,201	805,676	-	-
Garbage	-	-	153,637	158,245	-	-
Economic Development	-	-	-	-	4,932	7,197
Total Expenses	<u>411,370</u>	<u>351,339</u>	<u>985,838</u>	<u>963,921</u>	<u>4,932</u>	<u>7,197</u>
Increase (Decrease) in Net Position	77,616	183,943	(66,410)	23,786	45,397	28,764
Beginning Net Position	<u>675,519</u>	<u>753,135</u>	<u>1,754,271</u>	<u>1,687,861</u>	<u>256,913</u>	<u>302,310</u>
Ending Net Position	<u>\$ 753,135</u>	<u>\$ 937,078</u>	<u>\$ 1,687,861</u>	<u>\$ 1,711,647</u>	<u>\$ 302,310</u>	<u>\$ 331,074</u>

The Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the City's overall governmental or business-type activities. Expenses are presented on a functional basis, with depreciation on fixed assets directly allocated to the related expense (General Government, Public Safety, Public Works, Interest on Long-term Debt, etc.).

### Governmental Funds Financial Analysis

The fund reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balances all revenue types followed by the expenditures of the City, also presented on a functional basis. However, for the Fund Financial Statements, the City reports only current year capital expenditures and does not report depreciation on capital assets as in the Government-Wide Financial Statements. The major revenue sources are similar to the government-wide presentation above, with additional detail provided for services for which the City receives a fee or charge for services (Fines, Court Fees, and Parks and Recreation Fees). The General Fund reported an excess of revenues over expenditures and other financing sources (uses) of \$151,739. Fund balance as of September 30, 2023 for the General Fund was \$672,015.

### **Proprietary Fund Financial Analysis**

The total amounts presented for the Proprietary Fund (utility fund for water, sewer, and garbage services) are identical to the government-wide presentation. Statement of Revenues, Expenses, and Changes in Net Position, presents a more detailed listing of expenses than presented in the government-wide statements, pending implementation of financial reporting improvements to report activities of the water, sewer and garbage systems on a functional basis. The Proprietary Fund reported an increase in net position of \$23,786 for the year. Net position as of September 30, 2023 for the Proprietary Fund was \$1,711,647.

### **General Fund Budgetary Analysis**

The City adopted an original budget with no change in fund balance. The City original and adopted budget were the same. The actual increase in fund balance was \$151,739.

### **Capital Assets and Long-Term Debt**

As of September 30, 2023, the City had \$2,093,583 invested in a broad range of capital assets including buildings, streets and street improvements, and the water and sewer system. More detailed information about the City's capital assets is presented in Note E to the financial statements. The City had long-term debt outstanding of \$175,770 as of September 30, 2023. More detailed information about the City's long-term debt outstanding is presented in Note F to the financial statements.

### **Economic Factors and Year's Budgets and Tax Rates**

The City of Maud's management approach is conservative yet accommodating to economic development.

The Mayor and City Council have adopted changes in service charges, water rates, sewer rates and garbage rates. The property values, within the City, were adjusted as well, to preserve current revenues, without putting an undue burden on its residents.

The city is currently working on plans to eventually install an automated meter reading system.

In the next few months the city will be apply for a TxCDBG Grant for the repair of infrastructure and streets.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Maud's finances and to demonstrate the City's accountability. If you have questions regarding this report or need additional information, contact the City at P.O. Box 100, Maud, Texas 75567. The phone number for the City is (903) 585-2294.

***CITY OF MAUD, TEXAS***  
***BASIC FINANCIAL STATEMENTS***

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 626,131	\$ 149,276	\$ 775,407	136,631
Certificates of deposit	21,055	-	21,055	69,325
Accounts receivable (net)	37,563	79,380	116,943	4,699
Unbilled receivables (net)	-	9,257	9,257	-
Inventories of parts, materials and supplies	-	3,648	3,648	-
Notes receivable	-	-	-	22,874
Restricted assets:				
Cash and cash equivalents	-	111,517	111,517	-
LTWSC restricted capital improvement deposits	-	18,842	18,842	-
Capital assets (net of accumulated depreciation):				
Land	34,144	-	34,144	35,439
Buildings	346,258	-	346,258	62,106
Office furniture and equipment	84,412	6,008	90,420	-
Vehicles and Equipment	456,812	290,132	746,944	-
Street and street improvements	175,966	-	175,966	-
Water system	-	1,202,019	1,202,019	-
Sewer system	-	2,953,978	2,953,978	-
Undivided interest in LTWSC fixed assets	-	172,810	172,810	-
Less accumulated depreciation	(796,740)	(2,929,761)	(3,726,501)	-
Total Assets	<u>\$ 985,601</u>	<u>\$ 2,067,106</u>	<u>\$ 3,052,707</u>	<u>\$ 331,074</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow related to TMRS, net	<u>\$ 9,614</u>	<u>\$ 15,166</u>	<u>\$ 24,780</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,434	\$ 47,842	\$ 55,276	\$ -
Fines and forfeitures payable	1,325	-	1,325	-
Accrued interest payable	-	353	353	-
Deferred Coronavirus grant	-	96,253	96,253	-
Customer deposits liabilities	-	60,209	60,209	-
Noncurrent liabilities:				
Due within one year	2,918	86,733	89,651	-
Due in more than one year	19,956	54,903	74,859	-
Compensated absences	11,260	-	11,260	-
Net pension liability (TMRS)	8,008	13,359	21,367	-
Total Liabilities	<u>\$ 50,901</u>	<u>\$ 359,652</u>	<u>\$ 410,553</u>	<u>\$ -</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow related to TMRS, net	<u>\$ 7,236</u>	<u>\$ 10,973</u>	<u>\$ 18,209</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 277,978	\$ 1,553,550	\$ 1,831,528	\$ 35,439
Restricted for:				
LTWSC capital improvement deposits	-	18,842	18,842	-
Debt Service	-	51,308	51,308	-
Economic Development (MEDC)	-	-	-	295,635
Unrestricted	659,100	87,947	747,047	-
Total Net Position	<u>\$ 937,078</u>	<u>\$ 1,711,647</u>	<u>\$ 2,648,725</u>	<u>\$ 331,074</u>

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services		Operating Grants and Contributions	Primary Government		Component Unit
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 318,831	\$ 4,256	\$ 1,732	\$ -	\$ (312,843)	\$ -	\$ (312,843)
Library	4,509	-	64,382	-	59,873	-	59,873
Fire Department	18,996	-	15,496	-	(3,500)	-	(3,500)
Streets	8,739	-	-	-	(8,739)	-	(8,739)
Interest on long-term debt	264	-	-	-	(264)	-	(264)
Total governmental activities	351,339	4,256	81,610	-	(265,473)	-	(265,473)
Business-type activities:							
Water and sewer	805,676	661,822	81,635	-	-	(62,219)	(62,219)
Garbage	158,245	232,212	-	-	-	73,967	73,967
Total business-type activities	963,921	894,034	81,635	-	-	11,748	11,748
Total primary government	\$ 1,315,260	\$ 898,290	\$ 163,245	\$ -	(265,473)	11,748	(253,725)
Component Unit:							
Economic development	7,197	-	-	-	-	-	(7,197)
Total component unit	\$ 7,197	\$ -	\$ -	\$ -	\$ -	\$ -	(7,197)
General revenues:							
Property taxes and related revenues					218,444	-	218,444
Franchise taxes					31,674	-	31,674
Sales and use taxes					141,417	-	141,417
Interest income					27,261	12,909	40,170
Miscellaneous income					32,898	-	32,898
Transfer in (out)					(2,278)	(871)	(3,149)
Total general revenues					449,416	12,038	461,454
Change in net position					183,943	23,786	207,729
Net position - October 1, 2022					753,135	1,687,861	2,440,996
Net position - September 30, 2023					\$ 937,078	\$ 1,711,647	\$ 2,648,725

The accompanying notes are an integral part of this statement

**CITY OF MAUD, TEXAS**  
**GOVERNMENTAL FUND TYPES**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 626,131	\$ 626,131
Certificates of deposit	21,055	21,055
Receivables, net of uncollectible accounts		
Property tax	819	819
Sales tax	23,498	23,498
Franchise tax	7,947	7,947
Warrants receivable	5,299	5,299
Total Assets	<u>\$ 684,749</u>	<u>\$ 684,749</u>
<b>LIABILITIES</b>		
Accounts payable	4,533	4,533
Fines and forfeitures payable	1,325	1,325
Accrued expenditures	2,901	2,901
Total Liabilities	<u>8,759</u>	<u>8,759</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - warrant revenue	3,975	3,975
Total Deferred Inflows of Resources	<u>3,975</u>	<u>3,975</u>
<b>FUND BALANCE</b>		
Committed Fund Balance - Volunteer Fire Department	63,972	63,972
Unassigned Fund Balance	608,043	608,043
Total Fund Balance	<u>672,015</u>	<u>672,015</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 684,749</u>	<u>\$ 684,749</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balance - Governmental Funds \$ 672,015

Amounts reported for governmental activities in the statements of net position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. At the beginning of the period, cost of these assets was \$1,037,812 and the accumulated depreciation was (\$765,305). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the period, the balance of long-term debt totaled (\$32,849), which includes notes payable of (\$25,763) and compensated absences payable of (\$7,086). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. 239,658

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government wide financial statements. The net effect of including the capital outlays of \$69,280, plus debt principal payments of \$2,889 is to increase net position. 72,169

The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position. (40,935)

Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of (\$8,008), a deferred resource inflow in the amount of (\$7,236), and a deferred resource outflow in the amount of \$9,614. This resulted in a (decrease) in net position. (5,630)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue of \$3,975 and recognizing change in compensated absences liabilities of (\$4,174). The net effect of these reclassifications and recognitions is to (decrease) net position. (199)

Net Position of Governmental Activities \$ 937,078

The accompanying notes are an integral part of this statement.



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

	General Fund	Total Governmental Funds
<b>Revenues</b>		
Property taxes	\$ 218,444	\$ 218,444
Franchise taxes	31,674	31,674
Sales taxes	141,417	141,417
Fines and forfeitures	2,483	2,483
Volunteer fire department	15,496	15,496
Donations	1,732	1,732
Grant revenues	64,382	64,382
Interest	27,261	27,261
Miscellaneous	32,898	32,898
Total revenues	<u>535,787</u>	<u>535,787</u>
<b>Expenditures</b>		
Contract services	1,677	1,677
Dues and subscriptions	12,441	12,441
Grant expenditures	17,239	17,239
Insurance other	1,272	1,272
IT software and support	15,150	15,150
Legal and audit	18,582	18,582
Miscellaneous	16,272	16,272
Oil and gas	3,482	3,482
Operating supplies	11,040	11,040
Payroll wages	105,469	105,469
Payroll health insurance	22,607	22,607
Payroll retirement expense	4,696	4,696
Payroll taxes and unemployment	8,076	8,076
Payroll workers compensation	2,058	2,058
Repairs and maintenance	20,684	20,684
Small equipment/bunker gear	12,355	12,355
State court costs and fees	520	520
Utilities	35,717	35,717
Capital outlay	69,280	69,280
Debt service - principal	2,889	2,889
Debt service - interest expense	264	264
Total expenditures	<u>381,770</u>	<u>381,770</u>
Excess (deficiency) of revenues over expenditures	<u>154,017</u>	<u>154,017</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in (out)	<u>(2,278)</u>	<u>(2,278)</u>
Net Change in Fund Balance	151,739	151,739
Fund Balance - Beginning of the Year	<u>520,276</u>	<u>520,276</u>
Fund Balance - Ending of the Year	<u>\$ 672,015</u>	<u>\$ 672,015</u>

The accompanying notes are an integral part of this statement.

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

Net changes in Fund Balances - Governmental Funds	\$ 151,739
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government wide financial statements. The net effect of including the capital outlays of \$69,280, plus debt principal payments of \$2,860 is to increase net position.	72,169
The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position.	(40,935)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused an increase in the change in the ending net position. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position. The City's reported TMRS net pension expense had to be recorded. The result of these changes is to increase the change in net position.	3,371
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue of \$1,773 and recognizing change in compensated absences liabilities of (\$1,275). The net effect of these reclassifications and recognitions is to (decrease) net position.	(2,401)
Change in Net Position in Governmental Activities	\$ 183,943

The accompanying notes are an integral part of this statement.

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

	Water and Sewer	Total Proprietary Funds
<b>ASSETS</b>		
Current Assets - Unrestricted:		
Cash and cash equivalents	\$ 149,276	\$ 149,276
Accounts receivable, net of allowance for uncollectible accounts	79,380	79,380
Unbilled receivables	9,257	9,257
Inventories of parts, materials and supplies	3,648	3,648
Total Current Assets - Unrestricted	<u>241,561</u>	<u>241,561</u>
Restricted Assets:		
Cash and cash equivalents	111,517	111,517
LTWSC restricted capital improvement deposits	18,842	18,842
Total Restricted Assets	<u>130,359</u>	<u>130,359</u>
Capital Assets:		
Water system	1,202,019	1,202,019
Sewer system	2,953,978	2,953,978
Office furniture and equipment	6,008	6,008
Vehicles and equipment	290,132	290,132
Undivided interest in LTWSC fixed assets	172,810	172,810
Less accumulated depreciation	<u>(2,929,761)</u>	<u>(2,929,761)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,695,186</u>	<u>1,695,186</u>
Total Assets	<u>\$ 2,067,106</u>	<u>\$ 2,067,106</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Outflow Related to TMRS, net	<u>\$ 15,166</u>	<u>\$ 15,166</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	47,842	\$ 47,842
Accrued interest payable	353	353
Deferred Coronavirus grant	96,253	96,253
Customer deposits liability	60,209	60,209
Current portion of bonds and loans payable	86,733	86,733
Total Current Liabilities	<u>291,390</u>	<u>291,390</u>
Long-Term Liabilities:		
Bonds and loans payable	54,903	54,903
Net pension liability (TMRS)	13,359	13,359
Total Long-Term Liabilities	<u>68,262</u>	<u>68,262</u>
Total Liabilities	<u>\$ 359,652</u>	<u>\$ 359,652</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflow Related to TMRS, net	<u>\$ 10,973</u>	<u>\$ 10,973</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,553,550	1,553,550
Restricted for:		
LTWSC capital improvements deposits	18,842	18,842
Debt Service Reserve	51,308	51,308
Unrestricted	87,947	87,947
Total Net Position	<u>\$ 1,711,647</u>	<u>\$ 1,711,647</u>

The accompanying notes are an integral part of this statement.

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

	Water and Sewer	Total Proprietary Funds
<b>Operating Revenues:</b>		
Water sales	\$ 380,988	\$ 380,988
Sewer sales	226,268	226,268
Garbage sales	232,212	232,212
Late charges	14,065	14,065
Operating grant, COVID-19	81,635	81,635
Miscellaneous	40,501	40,501
Total operating revenues	975,669	975,669
<b>Operating Expenses:</b>		
Bad debts	1,573	1,573
Contract services	211,477	211,477
Depreciation	114,971	114,971
Dues	3,315	3,315
IT software and support	11,966	11,966
Lab fees	973	973
Legal and audit fees	9,194	9,194
Miscellaneous expense	21,883	21,883
Oil and Gas	6,469	6,469
Operating supplies and expenses	12,529	12,529
Payroll wages	161,663	161,663
Payroll insurance health coverage	23,941	23,941
Payroll insurance workers compensation	3,149	3,149
Payroll retirement expense	2,540	2,540
Payroll taxes	13,506	13,506
Postage	4,467	4,467
Repairs and maintenance	44,457	44,457
Riverbend commitment and fees	72,051	72,051
Uniforms	4,081	4,081
Utilities	22,659	22,659
Water purchases	51,276	51,276
Waste management	158,245	158,245
Total operating expenses	956,385	956,385
Operating income (loss)	19,284	19,284
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	12,909	12,909
Interest expense	(7,536)	(7,536)
Transfer in (out)	(871)	(871)
Total non-operating revenues (expenses)	4,502	4,502
Change in Net Position - Increase (Decrease)	23,786	23,786
<b>Net Position - Beginning of the Year</b>	1,687,861	1,687,861
<b>Net Position - Ending of the Year</b>	\$ 1,711,647	\$ 1,711,647

The accompanying notes are an integral part of this statement.

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

	<u>Water and Sewer</u>	<u>Total Proprietary Funds</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 886,431	\$ 886,431
Payments to suppliers	(633,103)	(633,103)
Payments to employees	(210,423)	(210,423)
Net cash provided (used) by operating activities	<u>42,905</u>	<u>42,905</u>
<b>Cash Flows to Noncapital Financing Activities</b>		
Cash to General Fund and MEDC	<u>(871)</u>	<u>(871)</u>
Net cash provided (used) by noncapital financing activities	<u>(871)</u>	<u>(871)</u>
<b>Cash Flows to Capital and Related Financing Activities</b>		
Acquisition of fixed assets	(12,023)	(12,023)
Additions to loans payable	12,023	12,023
Principal paid on bonds and loan obligations	(79,583)	(79,583)
Interest paid on bonds and loan obligations	(7,536)	(7,536)
Proceeds from sale of capital assets	-	-
Net cash provided (used) by capital and financing activities	<u>(87,119)</u>	<u>(87,119)</u>
<b>Cash Flows to Investing Activities</b>		
Increase (decrease) in restricted assets for classification	(68,634)	(68,634)
Interest received on investments	12,909	12,909
Net cash provided (used) by investing activities	<u>(55,725)</u>	<u>(55,725)</u>
Net increase (decrease) in cash and cash equivalents - unrestricted	(100,810)	(100,810)
Cash and cash equivalents at October 1, 2022 - unrestricted	<u>250,086</u>	<u>250,086</u>
Cash and cash equivalents at September 30, 2023 - unrestricted	<u>\$ 149,276</u>	<u>\$ 149,276</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 19,284	\$ 19,284
Depreciation expense	114,971	114,971
Change in assets and liabilities:		
(Increase) decrease in receivables	(13,155)	(13,155)
Increase (decrease) in accounts payable	3,512	3,512
Increase (decrease) in deferred grant revenue	(81,635)	(81,635)
Increase (decrease) in customer deposits liability	5,552	5,552
Increase (decrease) in pension plan assets and outflows	(5,624)	(5,624)
Net cash provided (used) by operating activities	<u>\$ 42,905</u>	<u>\$ 42,905</u>

The accompanying notes are an integral part of this statement.

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

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Maud, Texas (the City) was incorporated on September 22, 1941 under the provision of the State of Texas. The City operates under a Council-Mayor form of government. The city owns and operates a water and sewer system.

The accounting and reporting policies of the City relating to the amounts included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

The financial statements include a “Management Discussion and Analysis” (MD&A) section providing an analysis of the City’s overall financial position and results of operations, financial statements prepared using full accrual accounting for all the City’s activities, and a change in the fund financial statements to focus on the major funds.

New Accounting Pronouncements

The City implemented Governmental Accounting Standards Board (GASB) Number 96 “*Subscription-Based Information Technology Arrangements (SBITAs)*”. GASB Statement No. 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. The City did not have any material SBITAs individually or in the aggregate for the fiscal year.

Reporting Entity

The City’s basic financial statement included the accounts of all City operations. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Maud, Texas.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in United States generally accepted accounting principles (GAAP). The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The component unit of the City is the Maud Economic Development Corporation (MEDC) was incorporated in 1993 under the Development Corporation Act of 1979, as amended. The corporation was organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City and the specific purposes for which the Corporation was organized. The affairs of the Corporation are managed by a board of directors composed of persons appointed by the governing body of the City.

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

Overview of Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that restricted to meeting the operational or capital requirements of a particular program.

The financial statements include a Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations, financial statements prepared using full accrual accounting for all the City's activities, and a change in the fund financial statements to focus on the major funds.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

*Governmental Funds* are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

*Proprietary Funds* are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

*Water and Sewer Fund* – The Water and Sewer Fund is used to account for operations for which a fee is charged to external users for goods or services and the activity a) is financed with debt that is solely secured by a pledge of the net revenues, b) has third party requirements that the cost of providing services, including capital costs, be recovered with fee and charges, or c) established fees and charges based on a pricing policy designed to recover similar costs.

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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

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

Basis of Accounting and Measurement Focus

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources management focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liabilities are incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences and arbitrage are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

Budget and Budgetary Accounting

The City Council adopts a budget each year by ordinances. As the year progresses, resolutions are adopted by the City Council for changes to the original budgeted amounts. The resolutions are incorporated into an ordinance at year-end to legalize any approved changes to the original budget.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash and Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash includes demand deposit accounts and cash on hand. Investments consist of certificates of deposit, which are stated at cost, the approximated market value of the investments.

Restricted Assets

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then unrestricted resources as they are needed.



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

The restricted assets as of September 30, 2023 are as follow:

Type of Restricted Asset	Business-type Activities
USDA Bonds Payment Fund	\$ 51,308
Meter Deposits	60,209
LTWSC Capital Improvement Deposits	18,842
 Total Restricted Assets	 \$ 130,359

Accounts Receivable

The accounts receivable as of September 30, 2023 are as follows:

Accounts Receivable	Governmental Activities	Business-type Activities	Total	Component Unit
Property tax	\$ 38,239	\$ -	\$ 38,239	\$ -
Sales tax	23,498	-	23,498	4,698
Franchise tax	7,947	-	7,947	-
Warrants receivable	5,299	-	5,299	-
Customer billed receivables	-	98,632	98,632	-
Allowance for uncollectible accounts	(37,420)	(19,252)	(56,672)	-
 Total Accounts Receivable, Net	 \$ 37,563	 \$ 79,380	 \$ 116,943	 \$ 4,698

Bad Debt Expense

The City uses the allowance method of recognizing uncollectible accounts. The estimated amount is based upon current and prior year history.

Inventories

Inventories are valued at lower of cost or market, using the first-in, first-out method. Parts, materials, and supplies are considered as expenses when purchased. Significant inventory amounts are recorded at year end.

Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and in the fund financial statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date of donation. Repairs and maintenance are recorded as expenses. Improvements are capitalized. Interest has not been capitalized during the period of construction of capital assets. As of October 1, 2004, new infrastructure assets, such as roads, bridges, underground pipe (other than those related to utilities), traffic signals, etc., are required to be depreciated under GASB 34.

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

Depreciation is calculated by using the straight-line method. Estimated useful lives of assets are:

Buildings	5-20 years
Office Furniture and Equipment	5-10 years
Equipment and Tools	3-7 years
Street and Street Improvements	20 years
Pumps and Treatment Equipment	5-20 years
Line and Storage	10-50 years
Water meters	10 years
Sewer system	7-50 years
Garbage transfer system	25 years

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund-level statements. All interfund transactions between governmental funds are eliminated on the government-wide statements.

Compensated Absences

All full-time permanent employees can accumulate 10 days leave per year after one year of service. The maximum annual leave that can be accumulated is 240. Sick leave can be accrued after six months of service up to ten days per year, with a maximum of accumulated sick leave of 240. Annual leave will be paid upon separation of employment with the City.

The City accrued a liability for compensated absences which meet the following criteria:

1. The City’s obligation relating to employees’ rights to receive compensation for future absences is attributable to employees’ services already rendered.
2. The obligation is related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonable estimated.

The entire amount accrued is considered non-current and represents a reconciling item between the fund and government-wide presentations. The balance as of September 30, 2023 totaled \$11,260.

Long-Term Debt

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

Pensions and OPEB Liabilities

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit

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

payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, issued June 2012 was adopted for the year ending March 31, 2016. The City participates in the Texas Municipal Retirement System (TMRS). This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

GASB Statement 68 requires the employer to report the net pension asset or liability, pension expense, and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees and former employees in their basic financial statements. This statement required governmental entities to record the net pension asset or liability and the related outflows and inflows retroactively.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015 was adopted for the year ending March 31, 2019. The City participates in the TMRS Supplemental Death Benefits (SDB) plan. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Because the OPEB calculated amounts are immaterial for the City of Maud, Texas, these amounts are not recorded in the financial statements.

#### Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the Council. Committed resources cannot be used for any other purposes unless the Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amount the City intends to use for specific purposes as expressed by the Council or an official delegated with the authority.

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*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of those assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE B – COLLATERALIZATION OF DEPOSITS**

*Custodial Credit Risk for Deposit* – Statutes authorize the City to invest in bank certificates of deposit, obligations of the U.S. Treasury and U.S. agencies, banker’s acceptances repurchase agreements and commercial paper rated A-1 by Standard & Poor’s Corporation or P- I by Moody’s Commercial Paper Record. The City’s policy is to invest in instruments or require collateral so as to not expose the City to credit, custodial credit, custodial concentration, interest rate, or foreign currency risks. At September 30, 2023, the bank balances, including time deposits and MEDC funds, were fully insured by FDIC and pledged securities at the one financial institution.

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

**NOTE C – PROPERTY TAXES**

Property taxes are levied by October 1 and may be paid without penalty until January 31. Penalty and interest are then added to payments received February 1 through June 30. An enforceable lien is attached when property taxes become delinquent. City property taxes are recognized as revenue in the accounting period when they become susceptible to accrual, i.e., when they become both measurable and available to pay liabilities of the current period. Only property taxes available within 60 days from the end of the fiscal period are subject to accrual. The City accrued \$819 of delinquent property taxes as of September 30, 2023.

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The Bowie County Appraisal District bills and collects property taxes for the City of Maud. The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$1.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue was levied using a rate of \$0.558264 per one hundred dollars of assessed valuation. Based on 100% of estimated market value, the City has a tax margin of \$0.941736 per \$100 and could raise an additional \$311,522 per year from the present assessed valuation of \$33,079,511 before the limit is reached. The amount assessed for the 2022 tax roll was \$184,671.

**NOTE D – FINANCING AND RELATED INSURANCE ISSUES**

In the normal course of business, the City is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by council members and employees, negligent acts by employees, automobile and mobile equipment accidents, and injuries to employees during the course of performing duties for the City.

The City attempts to cover these losses by the purchase of insurance. Currently the City purchases 100% of its risk-related insurance through the Texas Municipal League Intergovernmental Risk Pool. The City purchases insurance from the pool with annual maximum limits and to the extent of these maximum limits the City will incur no additional liability due to excess insurance purchases by the risk pool. The City would be liable for claims in excess of the policy limits. In management's estimation, there are no current loss claims that exceed the insured maximum limits. Significant loss experiences could subject the City to significant premium increases. There was no reduction in insurance coverage from the prior year and in management's estimation maximum coverage limits are adequate.

**NOTE E – CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended September 30, 2023, is as follows:

	Balance October 1, 2022	Additions	Reclassifications / Deletions	Balance September 30, 2023
Governmental activities - cost				
Land	\$ 34,144	\$ -	\$ -	\$ 34,144
Buildings	341,815	4,443	-	346,258
Office furniture and equipment	71,690	12,722	-	84,412
Vehicles and equipment	414,197	52,115	9,500	456,812
Streets	175,966	-	-	175,966
Total	<u>\$ 1,037,812</u>	<u>\$ 69,280</u>	<u>\$ 9,500</u>	<u>\$ 1,097,592</u>
Governmental activities - accumulated depreciation				
Buildings	241,249	9,016	-	250,265
Office furniture and equipment	47,748	8,721	-	56,469
Vehicles and equipment	394,075	14,459	9,500	399,034
Streets	82,233	8,739	-	90,972
Total	<u>\$ 765,305</u>	<u>\$ 40,935</u>	<u>\$ 9,500</u>	<u>\$ 796,740</u>
Governmental activities capital assets, net	<u>\$ 272,507</u>	<u>\$ 28,345</u>	<u>\$ -</u>	<u>\$ 300,852</u>

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Governmental activities depreciation expense charged to program activities was:

General administration	\$ 8,691
Library	4,509
Public Safety	18,996
Streets	<u>8,739</u>
	<u>\$40,935</u>

During the current year, the City purchased an electronic access system. The City purchased a storm surge center, fire hoses, and office electronics. The City also purchased a vehicle and utility trailer for the Fire Department.

During the year ended September 30, 2023, the City disposed of one vehicle totaling \$9,500.

Business-type activities capital asset activity for the year ended September 30, 2023, is as follows:

	Balance October 1, 2022	Additions	Reclassifications / Deletions	Balance September 30, 2023
<b>Business-type activates - cost</b>				
Water system	\$ 1,202,019	\$ -	\$ -	\$ 1,202,019
Sewer system	2,953,978	-	-	2,953,978
Office Furniture and Equipment	6,008	-	-	6,008
Vehicles and Equipment	278,109	12,023	-	290,132
Undivided interest in LTWSC	<u>172,810</u>	<u>-</u>	<u>-</u>	<u>172,810</u>
Total	<u>\$ 4,612,924</u>	<u>\$ 12,023</u>	<u>\$ -</u>	<u>\$ 4,624,947</u>
<b>Business-type activities - accumulated depreciation</b>				
Water system	790,041	18,677	-	808,718
Sewer system	1,739,560	72,318	-	1,811,878
Office Furniture and Equipment	3,698	770	-	4,468
Vehicles and Equipment	137,413	19,243	-	156,656
Undivided interest in LTWSC	<u>144,078</u>	<u>3,963</u>	<u>-</u>	<u>148,041</u>
Total	<u>\$ 2,814,790</u>	<u>\$ 114,971</u>	<u>\$ -</u>	<u>\$ 2,929,761</u>
	<u>\$ 1,798,134</u>	<u>\$ (102,948)</u>	<u>\$ -</u>	<u>\$ 1,695,186</u>

Business-type activities - During the current year, the City purchased a Kubota lawn mower.

All depreciation expense of \$114,971 recorded in the business-type activities was charged to the Water and Sewer Fund.

**NOTE F – LONG-TERM DEBT**

Governmental-type activities long-term debt is comprised of note payable with the Maud Economic Development Corporation for the remodel of city hall in the amount of \$43,629. The note is payable in monthly installments of \$261 at an interest rate of 1.00%. The balance as of September 30, 2023 was \$22,874.

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All debt borrowings are from direct borrowing. Governmental -type transactions long-term debts for the year ended September 30, 2023 are summarized as follows:

<u>Type of Debt</u>	<u>October 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2023</u>	<u>Due within one year</u>
MEDC Note Payable	\$ 25,763	\$ -	\$ 2,889	\$ 22,874	\$ 2,918

The annual requirements to retire debt as of September 30, 2023 is as follows:

<u>September 30,</u>	<u>MEDC</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	2,918	245	3,163
2025	2,947	215	3,162
2026	2,977	186	3,163
2027	3,007	156	3,163
2028	3,037	126	3,163
2029-2032	7,988	204	8,192
Totals	<u>\$ 22,874</u>	<u>\$ 1,132</u>	<u>\$ 24,006</u>

Business-type activities long-term debt at September 30, 2023 is comprised of the following:

\$583,000 in 1994 USDA Sewer Combination Tax and Sewer System Revenue Bonds, due in semiannual installments of varying amounts on each February 1 and August 1 through 2024 at an interest rate of 4.50%.	\$ 37,000
\$164,000 in 1994 Sewer Combination Tax and Sewer System Revenue Bonds, due in semiannual installments of varying amounts on each February 1 and August 1 through 2024 at an interest rate of 4.50%.	10,000
\$12,023 Notes Payable Purchase Obligation, due in monthly installments of \$334 through June 2026 at an interest rate of 0.00%.	11,021
\$14,490 Notes Payable Purchase Obligation, due in monthly installments of \$260 through February 2026 at an interest rate of 2.99%.	7,340
\$75,078 Notes Payable Purchase Obligation, due in monthly installments of \$1,359 through March 2026 at an interest rate of 2.99%.	39,239
\$98,850 Notes Payable Purchase Obligation, due in monthly installments of \$1,540 through October 2025 at an interest rate of 3.85%.	<u>37,036</u>
Total Business-Type Activities - Water and Sewer Fund	<u>\$ 141,636</u>

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All debt borrowings are from direct borrowings. Business-type transactions long-term debts for the year ended September 30, 2023 are summarized as follows:

Type of Debt	October 1, 2022	Additions	Retirements	September 30, 2023	Due within one year
<b>Business-type Activities</b>					
Revenue Bonds	\$ 72,000	\$ -	\$ 35,000	\$ 37,000	\$ 37,000
Revenue Bonds	19,000	-	9,000	10,000	10,000
Loans Payable - Lawn Mower	-	12,023	1,002	11,021	4,008
Notes Payable - Trailer	10,198	-	2,858	7,340	2,944
Notes Payable - Loader	54,129	-	14,890	39,239	15,342
Notes Payable - Back loader	53,869	-	16,833	37,036	17,439
	<u>\$ 209,196</u>	<u>\$ 12,023</u>	<u>\$ 79,583</u>	<u>\$ 141,636</u>	<u>\$ 86,733</u>

The annual requirements to retire business-type activities long-term debt as of September 30, 2023 is as follows:

Year Ending September 30,	1994 Series		1994 Series		Loans Payable - Lawn Mower	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	37,000	832	10,000	225	4,008	-
2025	-	-	-	-	4,008	-
2026	-	-	-	-	3,005	-
Totals	<u>\$ 37,000</u>	<u>\$ 832</u>	<u>\$ 10,000</u>	<u>\$ 225</u>	<u>\$ 11,021</u>	<u>\$ -</u>

Year Ending September 30,	Notes Payable - Loader		Notes Payable - Backloader		Notes Payable - Trailer	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	15,342	964	17,439	1,038	2,944	179
2025	15,806	499	18,073	404	3,033	90
2026	8,091	62	1,524	16	1,363	11
Totals	<u>\$ 39,239</u>	<u>\$ 1,525</u>	<u>\$ 37,036</u>	<u>\$ 1,458</u>	<u>\$ 7,340</u>	<u>\$ 280</u>

**NOTE H – EMPLOYEE RETIREMENT SYSTEMS**

Plan Description

The City of Maud participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

Benefits Provided

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

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.



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At retirement, the Member’s benefit is calculated based on the sum of the Member’s contributions, with interest the city-financed monetary credits with interest and their age at retirement and other actuarial factors. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Employees of the City of Maud are eligible for retirement at age 60 with 5 years of service or at any age with 20 years of service. Employees contribute to the fund at the rate of 5%. The City matches dollar for dollar. City match vests after 5 years of service.

*Employees covered by benefit terms:*

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>7</u>
<b>Total</b>	<b><u>22</u></b>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member’s total compensation, and the city matching ratios are either, 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city’s contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Maud were required to contribute 5.00% of their annual compensation during the fiscal year ended September 30, 2023. The contribution rates for the City of Maud were 4.36% and 4.60% in calendar years 2022 and 2023, respectively. The city’s contributions to TMRS for the year ended September 30, 2023, were \$11,992, and were equal to the required contributions.

Net Pension Liability

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

*Actuarial assumptions:*

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

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

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

*Allocations:* The City's new pension liability, pension expense, and deferred outflow of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

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*Changes in the Net Pension (Asset) Liability:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$232,582	\$216,546	\$ 16,036
Changes for the year:			
Service cost	20,827	-	20,827
Interest	15,807	-	15,807
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(21,601)	-	(21,601)
Change in assumptions	-	-	-
Contributions - employer	-	11,917	(11,917)
Contributions - employee	-	13,666	(13,666)
Net investment income	-	(15,907)	15,907
Benefit payments, including refunds to employees	(17,627)	(17,627)	-
Administrative expense	-	(137)	137
Other changes	-	163	(163)
Net changes	(2,594)	(7,925)	5,331
Balance at 12/31/2022	\$229,988	\$208,621	\$ 21,367

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Discount Rate (6.75%)	1% Increase in Discount Rate 7.75%
City's net pension (asset) liability	\$ 48,607	\$ 21,367	\$ (1,054)

*Pension Plan Fiduciary Net Position:*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

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

For the year ended September 30, 2023 the city recognized pension expense of \$2,995.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 126	\$ 18,209
Changes in actuarial assumptions	264	-
Difference between projected and actual investment earnings	15,170	-
Contributions subsequent to the measurement date	9,220	-
	\$ 24,780	\$ 18,209

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\$9,220 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2023	(8,157)
2024	(4,097)
2025	3,501
2026	6,104
2027	-
Thereafter	-
Total	\$ (2,649)

*Supplemental Death Benefits Fund*

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

Your city offers supplemental death to:	Plan Year 2021	Plan Year 2022	Plan Year 2023
Active employees (yes or no)	Yes	Yes	Yes
Retirees (yes or no)	Yes	Yes	Yes

*Contributions*

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not pre-fund retiree term life insurance during employees’ entire careers. The City’s contributions to the TMRS SDBF for the years ended 2023, 2022 and 2021 were \$1,021, \$638, and \$576, respectively, which equaled the required contributions each year.

***NOTE I – WATER SUPPLY CONTRACTS AND PARTICIPATION AGREEMENTS***

The City along with seven other area cities had formed Lake Texarkana Water Supply Corporation (LTWSC). The cities executed a contract to be provided water by the Water Supply Corporation. That contract has now been amended and extended by a document entitled; “Extension and Amendment to Water Supply Contract” dated March 1, 2010 by the cities. This document extends and amends the terms and provisions of the original contract and also recognizes the establishment of the Riverbend Water Resources District which was created by the 81st Texas Legislature, codified in Title 6, Special District Local Laws Code, Subtitle L, Chapter 9601, effective June 19, 2009, to which, the city is a member.

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The Extension and Amendment to Water Supply Contract likewise acknowledges that all existing Lake Texarkana Water Supply Corporation bonds have been paid and Lake Texarkana Water Supply Corporation was involuntarily dissolved effective March 21, 2007.

As a result of the payoff of the LTWSC bonds, during the year ended March 31, 2014, assets acquired with bond proceeds were conveyed to the member cities in proportion to their participation in the project. In May 2011, the City of Texarkana underwent an agreed-upon procedures examination to determine the percentages to be conveyed to the Member Cities for each city's respective portion of the undivided interest in the LTWSC facilities pursuant to the provisions of the 1969 Water Supply Contract between the City of Texarkana and member cities. The assets conveyed to the City were valued at cost less depreciation.

The City incurred \$51,276 of expenditures for water under the Water Supply Contract for the year ending September 30, 2023. The amount incurred is based on actual water consumption and estimated operations costs. The amount will be true-up based on actual consumption and costs in the subsequent period, if necessary.

The City has entered into an Interlocal Cooperation Agreement dated March 5, 2010 with Riverbend Water Resources District. The City will procure certain services from Riverbend and participate in the funding of the development of Riverbend projects. The City incurred \$1,740 of expenditures to Riverbend.

The City of Maud currently has a Riverbend fee of \$.04 per 1000 gallons of water purchased. Additionally, negotiations are ongoing for a new Water Supply Contract with Riverbend replacing Texarkana as the regional supplier of the treated water including construction of a \$200M regional water treatment facility. Under the new contract, the Riverbend fee is to \$1.50 per 1000 gallons of water purchased. Total payments for this contract amounted to \$70,311 in FY 2023.

***NOTE J – DISCLOSURES OF MAUD ECONOMIC DEVELOPMENT CORPORATION***

The Maud Economic Development Corporation (MEDC) is a discrete component unit of the City of Maud, Texas. The board of MEDC is appointed by the City Council. Its mission is to improve economic growth in the City of Maud, Texas. A special sales tax was passed by the citizens of the City to support the MEDC. The sales tax is to be used for future economic development of the City, which are legally restricted to expenditures for certain purposes.

Note Receivable - On March 1, 2016, the City's General Fund borrowed funds from the Maud Economic Development Corporation for the remodel of city hall in the amount of \$43,629. The note is payable in monthly installments of \$261 at an interest rate of 1.00%. As of September 30, 2023, the balance outstanding on the note receivable due from the City of Maud was \$22,874. The balance represents a significant concentration of credit risk for MEDC at year-end.

***NOTE K – SUBSEQUENT EVENTS***

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through May 17, 2024, which is the date the financial statements were available to be issued.

***CITY OF MAUD, TEXAS***  
***REQUIRED SUPPLEMENTARY INFORMATION***

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

	Budgeted Amounts		GAAP	Variance with
	Original	Final	Basis	Final Budget
			Actual	Favorable
			Amount	(Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 185,886	\$ 185,886	\$ 218,444	\$ 32,558
Franchise taxes	35,000	35,000	31,674	(3,326)
Sales taxes	123,000	123,000	141,417	18,417
Fines and forfeitures	2,500	2,500	2,483	(17)
Volunteer fire department supplemental	6,000	6,000	15,496	9,496
Donations	215	215	1,732	1,517
Grant revenues	5,000	5,000	64,382	59,382
Interest	1,000	1,000	27,261	26,261
Miscellaneous	31,762	31,762	32,898	1,136
Total revenues	390,363	390,363	535,787	145,424
<b>Expenditures</b>				
Contract services	2,700	2,700	1,677	1,023
Dues and subscriptions	13,950	13,950	12,441	1,509
Grant expenditures	2,500	2,500	17,239	(14,739)
Insurance other	2,437	2,437	1,272	1,165
IT software and support	16,100	16,100	15,150	950
Legal and audit	18,200	18,200	18,582	(382)
Miscellaneous	16,975	16,975	16,272	703
Oil and gas	7,000	7,000	3,482	3,518
Operating supplies	28,500	28,500	11,040	17,460
Payroll	100,900	100,900	105,469	(4,569)
Payroll health insurance	18,861	18,861	22,607	(3,746)
Payroll retirement expense	4,026	4,026	4,696	(670)
Payroll taxes and unemployment	8,162	8,162	8,076	86
Payroll workers compensation	4,652	4,652	2,058	2,594
Repairs and maintenance	18,460	18,460	20,684	(2,224)
Repairs and maintenance - streets	70,000	70,000	-	70,000
Small equipment/ bunker gear	12,030	12,030	12,355	(325)
State court costs and fees	300	300	520	(220)
Travel and training	3,300	3,300	-	3,300
Utilities	39,200	39,200	35,717	3,483
Capital outlay	-	-	69,280	(69,280)
Debt service - principal	-	-	2,889	(2,889)
Debt service - interest expense	300	300	264	36
Total expenditures	388,553	388,553	381,770	6,783
Excess (deficiency) of revenues over expenditures	1,810	1,810	154,017	152,207
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	-	-	(2,278)	(2,278)
Total other financing sources (uses)	-	-	(2,278)	(2,278)
Net Change in Fund Balance	1,810	1,810	151,739	149,929
Fund balance at October 1, 2022	520,276	520,276	520,276	-
Fund balance at September 30, 2023	\$ 522,086	\$ 522,086	\$ 672,015	\$ 149,929

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PLAN YEAR ENDED DECEMBER 31**  
*Last 10 Years (will ultimately be displayed)*

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension (Asset) Liability	\$ 14,466	\$ 16,012	\$ 15,661	\$ 15,812	\$ 15,945	\$ 16,839	\$ 17,311	\$ 20,827
Service cost	5,086	6,647	8,146	9,843	11,190	12,295	14,334	15,807
Interest (on the Total Pension Liability)	-	-	-	-	-	-	-	-
Changes of benefit terms	1,148	(275)	1,260	(5,036)	(11,165)	3,359	(1,005)	(21,601)
Difference between expected and actual experience	4,341	-	-	-	1,420	-	-	-
Change of assumptions	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)
Benefit payments, including refunds to employees	25,041	22,384	25,067	20,619	15,936	30,994	27,117	(2,594)
Net Change in Total Pension Liability	65,424	90,465	112,849	137,916	158,535	174,471	205,465	232,582
Total Pension Liability - Beginning	\$ 90,465	\$ 112,849	\$ 137,916	\$ 158,535	\$ 174,471	\$ 205,465	\$ 232,582	\$ 229,988
Total Pension Liability - Ending (a)								
Plan Fiduciary Net Position	\$ 7,705	\$ 8,031	\$ 8,674	\$ 8,594	\$ 8,379	\$ 8,055	\$ 8,220	\$ 11,917
Contributions - employer	11,231	11,967	11,687	11,871	11,588	11,597	11,776	13,666
Contributions - employee	34	2,858	9,036	(2,840)	17,410	11,282	23,199	(15,907)
Net investment income	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)
Benefit payments, including refunds to employees	(21)	(32)	(47)	(55)	(98)	(73)	(107)	(137)
Administrative expense	(1)	(2)	(2)	(3)	(3)	(3)	1	163
Other changes	18,948	22,822	29,348	17,567	35,822	29,359	39,566	(7,925)
Net Change in Plan Fiduciary Net Position	23,112	42,060	64,882	94,230	111,798	147,620	176,980	216,546
Plan Fiduciary Net Position - Beginning	\$ 42,060	\$ 64,882	\$ 94,230	\$ 111,797	\$ 147,620	\$ 176,979	\$ 216,546	\$ 208,621
Plan Fiduciary Net Position - Ending (b)	\$ 48,405	\$ 47,967	\$ 43,686	\$ 46,738	\$ 26,851	\$ 28,486	\$ 16,036	\$ 21,367
Net Pension (Asset) Liability - Ending (a) - (b)								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	46.49%	57.49%	68.32%	70.52%	84.61%	86.14%	93.11%	90.71%
Covered Employee Payroll	\$ 224,626	\$ 239,338	\$ 233,740	\$ 237,413	\$ 231,762	\$ 231,840	\$ 235,519	\$ 273,318
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll	21.55%	20.04%	18.69%	19.71%	11.59%	12.29%	6.81%	7.82%



**CITY OF MAUD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION - TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**SCHEDULE OF CONTRIBUTIONS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2023**  
**YEAR ENDED SEPTEMBER 30, 2022**  
*Last 10 Years (will ultimately be displayed)*

	SIX-MONTHS ENDED							
	FISCAL YEAR ENDED MARCH 31,	2018	2019	2020	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 7,705	\$ 8,232	\$ 8,680	\$ 8,195	\$ 4,610	\$ 8,005	\$ 11,227	\$ 11,992
Contributions in relation to the actuarially determined contribution	7,705	8,232	8,680	8,195	4,610	8,005	11,227	11,992
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 227,121	\$ 230,123	\$ 228,720	\$ 228,517	\$ 126,298	\$ 229,668	\$ 269,406	\$ 264,018
Contributions as a percentage of covered employee payroll	3.39%	3.58%	3.80%	3.59%	3.65%	3.49%	4.17%	4.54%

*Note: GASB #68, paragraph 81.2.b requires that the data into his schedule be presented as of the City's fiscal year as of the time period covered by the measurement date.*

*Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10 year schedule that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available."*

**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	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.
Mortality	Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Other Information: Notes	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety tables used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. There were no benefit changes during the year.

***CITY OF MAUD, TEXAS***  
***REPORT ON COMPLIANCE AND INTERNAL CONTROLS***



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING  
STANDARDS***

Independent Auditor's Report

May 17, 2024

Honorable Mayor and  
Members of the City Council  
City of Maud, Texas

Members of the Council:

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Maud, Texas, (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Maud, Texas' basic financial statements and have issued our report thereon dated May 17, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Maud, Texas' 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 opinions on the effectiveness of the City's internal control. 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. We did not identify any significant deficiencies.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

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



**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

May 17, 2024

**CITY OF MAUD, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of the City of Maud, Texas was an unmodified opinion.
- b. No significant deficiency or material weakness relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the City of Maud, Texas were disclosed during the audit.

**II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

No findings were required to be reported.

**CITY OF MAUD, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

There were no prior year findings.

**CITY OF MAUD, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

There were no current year findings.