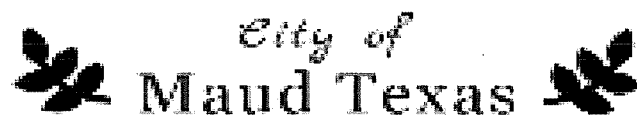


CITY OF MAUD, TEXAS
FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024



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

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CITY OF MAUD, TEXAS
CITY DIRECTORY

Mayor

Jimmy Clary

Mayor Pro Tem

Robert Wells

CITY COUNCIL

Boyd Startin

Wayne Foster

Linda Price

CITY OFFICIALS

Darla Faulknor, Administrative Manager/Budget & Finance Director

Vicki May, City Secretary



Independent Auditor's Report

June 6, 2025

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

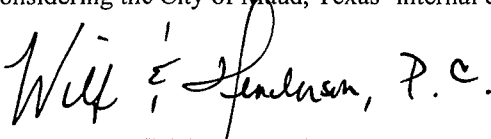
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 June 6, 2025, 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.


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

June 6, 2025

**CITY OF MAUD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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, 2024, the City of Maud, Texas maintained an Unrestricted Net Position balance of \$897,834, an increase from last year's \$747,047. 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, 2024, the total of Net Investment in Capital Assets (after subtracting out debt owed on capital assets) was \$1,909,481. The prior year balance totaled \$1,866,967.
- As of September 30, 2024, the total of Restricted Net Position was \$339,217. The prior year balance totaled \$365,785.

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	
	2023	2024	2023	2024	2023	2024
Current assets	\$ 684,749	\$ 807,714	\$ 241,561	\$ 166,609	\$ 210,655	\$ 242,790
Restricted assets	-	-	130,359	141,878	-	-
Note receivable	-	-	-	-	22,874	19,956
Capital assets	300,852	303,314	1,695,186	1,583,480	97,545	97,545
Net pension asset (TMRS)	-	1,287	-	2,148	-	-
Total assets	985,601	1,112,315	2,067,106	1,894,115	331,074	360,291
Deferred outflows of resources	9,614	4,904	15,166	7,308	-	-
Current liabilities	8,759	21,243	204,657	108,026	-	-
Noncurrent liabilities	34,134	32,958	141,636	54,902	-	-
Net pension liability (TMRS)	8,008	-	13,359	-	-	-
Total liabilities	50,901	54,201	359,652	162,928	-	-
Deferred inflows of resources	7,236	6,135	10,973	9,137	-	-
Net position:						
Net investment in capital assets	277,978	283,358	1,553,550	1,528,578	35,439	97,545
Restricted	-	-	70,150	76,471	295,635	262,746
Unrestricted	659,100	773,525	87,947	124,309	-	-
Total net position	\$ 937,078	\$ 1,056,883	\$ 1,711,647	\$ 1,729,358	\$ 331,074	\$ 360,291

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 \$3,146,532. The City's net position is comprised of \$1,056,883 from governmental activities, \$1,729,358 from business-type activities and \$360,291 from the component unit. Of the City's net position, \$897,834 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, 2023 and 2024.

City of Maud, Texas Statement of Activities

	Governmental Activities		Business-Type Activities		Component Unit	
	2023	2024	2023	2024	2023	2024
Revenues						
Program Revenues:						
Charges for Services	\$ 4,256	\$ 6,835	\$ 894,034	\$ 929,894	\$ -	\$ -
Operating Grants and Contributions	81,610	30,715	81,635	96,253	-	-
Capital Grants and Contributions	-	18,363	-	-	-	-
General Revenues:						
Property Taxes and Related Revenues	218,444	236,186	-	-	-	-
Franchise Fees	31,674	29,301	-	-	-	-
Sales and Use Tax	141,417	131,824	-	-	24,856	26,371
Interest Income	27,261	39,301	12,909	14,067	7,956	9,971
Miscellaneous Income	32,898	33,738	-	-	-	-
Transfer In (Out)	(2,278)	-	(871)	-	3,149	-
Total Revenues	535,282	526,263	987,707	1,040,214	35,961	36,342
Program Expenses:						
General Government	318,831	365,367	-	-	-	-
Library	4,509	5,409	-	-	-	-
Fire Department	18,996	26,728	-	-	-	-
Streets	8,739	8,739	-	-	-	-
Interest on Long-Term Debt	264	215	-	-	-	-
Water and Sewer	-	-	805,676	859,772	-	-
Garbage	-	-	158,245	162,731	-	-
Economic Development	-	-	-	-	7,197	7,125
Total Expenses	351,339	406,458	963,921	1,022,503	7,197	7,125
Increase (Decrease) in Net Position	183,943	119,805	23,786	17,711	28,764	29,217
Beginning Net Position	753,135	937,078	1,687,861	1,711,647	302,310	331,074
Ending Net Position	\$ 937,078	\$ 1,056,883	\$ 1,711,647	\$ 1,729,358	\$ 331,074	\$ 360,291

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 \$106,836. Fund balance as of September 30, 2024 for the General Fund was \$778,851.

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 \$17,711 for the year. Net position as of September 30, 2024 for the Proprietary Fund was \$1,729,358.

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 \$106,836.

Capital Assets and Long-Term Debt

As of September 30, 2024, the City had \$1,984,339 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 \$87,860 as of September 30, 2024. 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.

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, 2024

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 742,856	\$ 79,026	\$ 821,882	156,617
Certificates of deposit	21,720	-	21,720	71,515
Accounts receivable (net)	43,138	75,318	118,456	4,570
Unbilled receivables (net)	-	8,617	8,617	-
Due from general fund	-	-	-	10,088
Inventories of parts, materials and supplies	-	3,648	3,648	-
Notes receivable	-	-	-	19,956
Net pension asset (TMRS)	1,287	2,148	3,435	-
Restricted assets:				
Cash and cash equivalents	-	123,036	123,036	-
LTWSC restricted capital improvement deposits	-	18,842	18,842	-
Capital assets (net of accumulated depreciation):				
Land	34,144	-	34,144	35,439
Buildings	369,558	-	369,558	62,106
Office furniture and equipment	90,495	6,008	96,503	-
Vehicles and Equipment	471,065	269,247	740,312	-
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	(837,914)	(3,020,582)	(3,858,496)	-
Total Assets	<u>\$ 1,112,315</u>	<u>\$ 1,894,115</u>	<u>\$ 3,006,430</u>	<u>\$ 360,291</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow related to TMRS, net	<u>\$ 4,904</u>	<u>\$ 7,308</u>	<u>\$ 12,212</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 8,615	\$ 42,619	\$ 51,234	\$ -
Fines and forfeitures payable	2,540	-	2,540	-
Accrued interest payable	-	-	-	-
Due to component unit	10,088	-	10,088	-
Customer deposits liabilities	-	65,407	65,407	-
Noncurrent liabilities:				
Due within one year	2,947	40,920	43,867	-
Due in more than one year	17,009	13,982	30,991	-
Compensated absences	13,002	-	13,002	-
Total Liabilities	<u>\$ 54,201</u>	<u>\$ 162,928</u>	<u>\$ 217,129</u>	<u>\$ -</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow related to TMRS, net	<u>\$ 6,135</u>	<u>\$ 9,137</u>	<u>\$ 15,272</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 283,358	\$ 1,528,578	\$ 1,811,936	\$ 97,545
Restricted for:				
LTWSC capital improvement deposits	-	18,842	18,842	-
Debt Service	-	57,629	57,629	-
Economic Development (MEDC)	-	-	-	262,746
Unrestricted	773,525	124,309	897,834	-
Total Net Position	<u>\$ 1,056,883</u>	<u>\$ 1,729,358</u>	<u>\$ 2,786,241</u>	<u>\$ 360,291</u>

The accompanying notes are an integral part of this statement.

CITY OF MAUD, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Unit
Governmental activities:								
General government	\$ 365,367	\$ 6,835	\$ 1,738	\$ -	\$ (356,794)	\$ -	(356,794)	\$ -
Library	5,409	-	6,000	-	591	-	591	-
Fire Department	26,728	-	22,977	18,363	14,612	-	14,612	-
Streets	8,739	-	-	-	(8,739)	-	(8,739)	-
Interest on long-term debt	215	-	-	-	(215)	-	(215)	-
Total governmental activities	406,458	6,835	30,715	18,363	(350,545)	-	(350,545)	-
Business-type activities:								
Water and sewer	859,772	690,626	96,253	-	-	(72,893)	(72,893)	-
Garbage	162,731	239,268	-	-	-	76,537	76,537	-
Total business-type activities	1,022,503	929,894	96,253	-	-	3,644	3,644	-
Total primary government	\$ 1,428,961	\$ 936,729	\$ 126,968	\$ 18,363	(350,545)	3,644	(346,901)	-
Component Unit:								
Economic development	7,125	\$ -	\$ -	\$ -	-	-	-	(7,125)
Total component unit	\$ 7,125	\$ -	\$ -	\$ -	-	-	-	(7,125)
General revenues:								
Property taxes and related revenues					236,186	-	236,186	-
Franchise taxes					29,301	-	29,301	-
Sales and use taxes					131,824	-	131,824	26,371
Interest income					39,301	14,067	53,368	9,971
Miscellaneous income					33,738	-	33,738	-
Total general revenues					470,350	14,067	484,417	36,342
Change in net position					119,805	17,711	137,516	29,217
Net position - Beginning of year					937,078	1,711,647	2,648,725	331,074
Net position - End of year					\$ 1,056,883	\$ 1,729,358	\$ 2,786,241	\$ 360,291

The accompanying notes are an integral part of this statement

CITY OF MAUD, TEXAS
GOVERNMENTAL FUND TYPES
BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 742,856	\$ 742,856
Certificates of deposit	21,720	21,720
Receivables, net of uncollectible accounts		
Property tax	2,557	2,557
Sales tax	22,847	22,847
Franchise tax	7,574	7,574
Warrants receivable	10,160	10,160
Total Assets	<u>\$ 807,714</u>	<u>\$ 807,714</u>
LIABILITIES		
Accounts payable	6,770	6,770
Fines and forfeitures payable	2,540	2,540
Accrued expenditures	1,845	1,845
Due to Component Unit	10,088	10,088
Total Liabilities	<u>21,243</u>	<u>21,243</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - warrant revenue	7,620	7,620
Total Deferred Inflows of Resources	<u>7,620</u>	<u>7,620</u>
FUND BALANCE		
Committed Fund Balance - Volunteer Fire Department	69,661	69,661
Unassigned Fund Balance	709,190	709,190
Total Fund Balance	<u>778,851</u>	<u>778,851</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 807,714</u>	<u>\$ 807,714</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, 2024

Total Fund Balance - Governmental Funds	\$ 778,851
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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 \$1,097,592 and the accumulated depreciation was (\$796,740). 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 (\$34,134), which includes notes payable of (\$22,874) and compensated absences payable of (\$11,260). 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.	266,718
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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 \$53,136, plus debt principal payments of \$2,918 is to increase net position.	56,054
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The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position.	(50,674)
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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 \$1,287, a deferred resource inflow in the amount of (\$6,135), and a deferred resource outflow in the amount of \$4,904. This resulted in an increase in net position.	56
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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 and recognizing compensated absences liabilities. The net effect of these reclassifications and recognitions is to increase net position.	5,878
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Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 1,056,883</div>
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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, 2024

	General Fund	Total Governmental Funds
Revenues		
Property taxes	\$ 236,186	\$ 236,186
Franchise taxes	29,301	29,301
Sales taxes	131,824	131,824
Fines and forfeitures	3,190	3,190
Volunteer fire department subsidy	22,977	22,977
Donations	1,160	1,160
Grant revenues	24,941	24,941
Interest	39,301	39,301
Miscellaneous	33,738	33,738
Total revenues	<u>522,618</u>	<u>522,618</u>
Expenditures		
Contract services	16,390	16,390
Dues and subscriptions	11,918	11,918
Insurance other	1,010	1,010
IT software and support	16,603	16,603
Legal and audit	11,387	11,387
Miscellaneous	32,234	32,234
Oil and gas	1,435	1,435
Operating supplies	7,831	7,831
Payroll wages	134,631	134,631
Payroll health and benefits	42,941	42,941
Repairs and maintenance	31,720	31,720
Small equipment/bunker gear	10,332	10,332
State court costs and fees	1,900	1,900
Utilities	39,181	39,181
Capital outlay	53,136	53,136
Debt service - principal	2,918	2,918
Debt service - interest expense	215	215
Total expenditures	<u>415,782</u>	<u>415,782</u>
Excess (deficiency) of revenues over expenditures	<u>106,836</u>	<u>106,836</u>
Net Change in Fund Balance	106,836	106,836
Fund Balance - Beginning of the Year	<u>672,015</u>	<u>672,015</u>
Fund Balance - Ending of the Year	<u><u>\$ 778,851</u></u>	<u><u>\$ 778,851</u></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, 2024

Net changes in Fund Balances - Governmental Funds	\$ 106,836
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 \$53,136, plus debt principal payments of \$2,918 is to increase net position.	56,054
The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position.	(50,674)
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 12/31/23 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.	5,686
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 \$3,645 and recognizing change in compensated absences liabilities of (\$1,742). The net effect of these reclassifications and recognitions is to (decrease) net position.	1,903
Change in Net Position in Governmental Activities	<u>\$ 119,805</u>

The accompanying notes are an integral part of this statement.

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

	Water and Sewer	Total Proprietary Funds
ASSETS		
Cash and cash equivalents	\$ 79,026	\$ 79,026
Accounts receivable, net of allowance for uncollectible accounts	75,318	75,318
Unbilled receivables	8,617	8,617
Inventories of parts, materials and supplies	3,648	3,648
Net pension asset (TMRS)	2,148	2,148
Total Assets - Unrestricted	<u>168,757</u>	<u>168,757</u>
Restricted Assets:		
Cash and cash equivalents	123,036	123,036
LTWSC restricted capital improvement deposits	18,842	18,842
Total Restricted Assets	<u>141,878</u>	<u>141,878</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	269,247	269,247
Undivided interest in LTWSC fixed assets	172,810	172,810
Less accumulated depreciation	<u>(3,020,582)</u>	<u>(3,020,582)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,583,480</u>	<u>1,583,480</u>
Total Assets	<u>\$ 1,894,115</u>	<u>\$ 1,894,115</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow Related to TMRS, net	<u>\$ 7,308</u>	<u>\$ 7,308</u>
LIABILITIES		
Accounts payable	42,619	\$ 42,619
Customer deposits liability	65,407	65,407
Current portion of bonds and loans payable	40,920	40,920
Total Current Liabilities	<u>148,946</u>	<u>148,946</u>
Long-Term Liabilities:		
Bonds and loans payable	13,982	13,982
Total Long-Term Liabilities	<u>13,982</u>	<u>13,982</u>
Total Liabilities	<u>\$ 162,928</u>	<u>\$ 162,928</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow Related to TMRS, net	<u>\$ 9,137</u>	<u>\$ 9,137</u>
NET POSITION		
Net investment in capital assets	1,528,578	1,528,578
Restricted for:		
LTWSC capital improvements deposits	18,842	18,842
Debt Service Reserve	57,629	57,629
Unrestricted	124,309	124,309
Total Net Position	<u>\$ 1,729,358</u>	<u>\$ 1,729,358</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, 2024

	Water and Sewer	Total Proprietary Funds
Operating Revenues:		
Water sales	\$ 405,565	\$ 405,565
Sewer sales	242,461	242,461
Garbage sales	239,268	239,268
Late charges	13,989	13,989
Operating grant, COVID-19	96,253	96,253
Miscellaneous	28,611	28,611
Total operating revenues	<u>1,026,147</u>	<u>1,026,147</u>
Operating Expenses:		
Contract services	270,302	270,302
Depreciation	111,706	111,706
Dues	5,457	5,457
IT software and support	7,114	7,114
Lab fees	1,328	1,328
Legal and audit fees	7,125	7,125
Miscellaneous expense	21,521	21,521
Oil and Gas	5,309	5,309
Operating supplies and expenses	8,539	8,539
Payroll wages	135,940	135,940
Payroll taxes and benefits	37,243	37,243
Postage	4,671	4,671
Repairs and maintenance	37,069	37,069
Riverbend commitment and fees	125,648	125,648
Uniforms	330	330
Utilities	24,067	24,067
Water purchases	55,698	55,698
Waste management	162,731	162,731
Total operating expenses	<u>1,021,798</u>	<u>1,021,798</u>
Operating income (loss)	<u>4,349</u>	<u>4,349</u>
Non-Operating Revenues (Expenses)		
Interest income	14,067	14,067
Interest expense	(705)	(705)
Total non-operating revenues (expenses)	<u>13,362</u>	<u>13,362</u>
Change in Net Position - Increase (Decrease)	17,711	17,711
Net Position - Beginning of the Year	<u>1,711,647</u>	<u>1,711,647</u>
Net Position - Ending of the Year	<u><u>\$ 1,729,358</u></u>	<u><u>\$ 1,729,358</u></u>

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, 2024

	Water and Sewer	Total Proprietary Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 939,794	\$ 939,794
Payments to suppliers	(742,485)	(742,485)
Payments to employees	(182,668)	(182,668)
Net cash provided (used) by operating activities	<u>14,641</u>	<u>14,641</u>
Cash Flows to Capital and Related Financing Activities		
Principal paid on bonds and loan obligations	(86,734)	(86,734)
Interest paid on bonds and loan obligations	(705)	(705)
Net cash provided (used) by capital and financing activities	<u>(87,439)</u>	<u>(87,439)</u>
Cash Flows to Investing Activities		
Increase (decrease) in restricted assets for classification	(11,519)	(11,519)
Interest received on investments	14,067	14,067
Net cash provided (used) by investing activities	<u>2,548</u>	<u>2,548</u>
Net increase (decrease) in cash and cash equivalents - unrestricted	(70,250)	(70,250)
Cash and cash equivalents at October 1, 2023 - unrestricted	<u>149,276</u>	<u>149,276</u>
Cash and cash equivalents at September 30, 2024 - unrestricted	<u>\$ 79,026</u>	<u>\$ 79,026</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 4,349	\$ 4,349
Depreciation expense	111,706	111,706
Change in assets and liabilities:		
(Increase) decrease in receivables	4,702	4,702
Increase (decrease) in accounts payable	(5,576)	(5,576)
Increase (decrease) in deferred grant revenue	(96,253)	(96,253)
Increase (decrease) in customer deposits liability	5,198	5,198
Increase (decrease) in pension plan assets and outflows	(9,485)	(9,485)
Net cash provided (used) by operating activities	<u>\$ 14,641</u>	<u>\$ 14,641</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, 2024

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.

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.

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.

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

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.

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.

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

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.

Investments

Investments are recorded at fair market value. Certificate of Deposits are valued at amortized cost.

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.

The restricted assets as of September 30, 2024 are as follow:

<u>Type of Restricted Asset</u>	<u>Business- type Activities</u>
USDA Bonds Payment Fund	\$ 57,629
Meter Deposits	65,407
LTWSC Capital Improvement Deposits	<u>18,842</u>
Total Restricted Assets	<u>\$ 141,878</u>

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

Accounts Receivable

The accounts receivable as of September 30, 2024 are as follows:

Accounts Receivable	Governmental Activities	Business-type Activities	Total	Component Unit
Property tax	\$ 40,057	\$ -	\$ 40,057	\$ -
Sales tax	22,847	-	22,847	4,570
Franchise tax	7,574	-	7,574	-
Warrants receivable	13,546	-	13,546	-
Customer billed receivables	-	97,545	97,545	-
Allowance for uncollectible accounts	(40,886)	(22,227)	(63,113)	-
Total Accounts Receivable, Net	<u>\$ 43,138</u>	<u>\$ 75,318</u>	<u>\$ 118,456</u>	<u>\$ 4,570</u>

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.

Depreciation is calculated by using the straight-line method. Depreciation allocation is based on the proration of cost by department. 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

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

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 reasonably 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, 2024 totaled \$13,002.

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 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.

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

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.

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.

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

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 – CASH AND INVESTMENTS

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, 2024, the bank balances, including time deposits and MEDC funds, were fully insured by FDIC and pledged securities at the one financial institution.

Interest Rate Risk - To limit the risk of changes in interest rates will adversely affect the fair value of investments, the City requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Council for a given investment provided legal limits are not exceeded.

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.

During the year ended September 30, 2024, the City had no types of investments other than certificates of deposit.

Investment Type	Amortized Cost
Certificate of Deposit	93,235
Total	93,235

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 \$2,557 of delinquent property taxes as of September 30, 2024.

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 \$0.513628 per one hundred dollars of assessed valuation. Based on 100% of estimated market value, the City has a tax margin of \$0.986372 per \$100 and could raise an additional \$368,615 per year from the present assessed valuation of \$37,370,821 before the limit is reached. The amount assessed for the 2023 tax roll was \$191,947.

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

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, 2024, is as follows:

	Balance October 1, 2023	Additions	Reclassifications / Deletions	Balance September 30, 2024
Governmental activities - cost				
Land	\$ 34,144	\$ -	\$ -	\$ 34,144
Buildings	346,258	23,300	-	369,558
Office furniture and equipment	84,412	6,083	-	90,495
Vehicles and equipment	456,812	23,753	9,500	471,065
Streets	175,966	-	-	175,966
Total	<u>\$ 1,097,592</u>	<u>\$ 53,136</u>	<u>\$ 9,500</u>	<u>\$ 1,141,228</u>
Governmental activities - accumulated depreciation				
Buildings	250,265	9,948	-	260,213
Office furniture and equipment	56,469	10,149	-	66,618
Vehicles and equipment	399,034	21,838	9,500	411,372
Streets	90,972	8,739	-	99,711
Total	<u>\$ 796,740</u>	<u>\$ 50,674</u>	<u>\$ 9,500</u>	<u>\$ 837,914</u>
Governmental activities capital assets, net	<u>\$ 300,852</u>	<u>\$ 2,462</u>	<u>\$ -</u>	<u>\$ 303,314</u>

During the year ended September 30, 2024, the City purchased and installed covered parking and walkway, a new chain link fence, playground equipment, a label printer, and an ice maker & bin. Additionally, the City spent \$20,403 on radios for the fire department, of which 90% was funded by an equipment grant.

The City disposed of one fully depreciated vehicle in the amount of \$9,500.

Governmental activities depreciation expense charged to program activities was:

General administration	\$ 9,798
Library	5,409
Public Safety	26,728
Streets	<u>8,739</u>
	<u>\$ 50,674</u>

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

Business-type activities capital asset activity for the year ended September 30, 2024, is as follows:

	Balance October 1, 2023	Additions	Reclassifications / Deletions	Balance September 30, 2024
Business-type activities - cost				
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	-	20,885	269,247
Undivided interest in LTWSC	172,810	-	-	172,810
Total	<u>\$ 4,624,947</u>	<u>\$ -</u>	<u>\$ 20,885</u>	<u>\$ 4,604,062</u>
Business-type activities - accumulated depreciation				
Water system	808,718	19,077	20,885	806,910
Sewer system	1,811,878	66,649	-	1,878,527
Office Furniture and Equipment	4,468	770	-	5,238
Vehicles and Equipment	156,656	21,246	-	177,902
Undivided interest in LTWSC	148,041	3,964	-	152,005
Total	<u>\$ 2,929,761</u>	<u>\$ 111,706</u>	<u>\$ 20,885</u>	<u>\$ 3,020,582</u>
Business-type activities capital assets, net	<u>\$ 1,695,186</u>	<u>\$ (111,706)</u>	<u>\$ -</u>	<u>\$ 1,583,480</u>

During the year ended September 30, 2024, the City disposed of one fully depreciated vehicle totaling \$20,885.

All depreciation expense of \$111,706 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, 2024 was \$19,956.

All debt borrowings are from direct borrowing. Governmental -type transactions long-term debts for the year ended September 30, 2024 are summarized as follows:

Type of Debt	October 1, 2023	Additions	Retirements	September 30, 2024	Due within one year
MEDC Note Payable	<u>\$ 22,874</u>	<u>\$ -</u>	<u>\$ 2,918</u>	<u>\$ 19,956</u>	<u>\$ 2,947</u>

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

The annual requirements to retire debt as of September 30, 2024 is as follows:

September 30,	MEDC		Total
	Principal	Interest	
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	3,068	95	3,163
2030-2031	4,920	109	5,029
Totals	<u>\$ 19,956</u>	<u>\$ 887</u>	<u>\$ 20,843</u>

Business-type activities long-term debt at September 30, 2024 is comprised of the following:

\$12,023 Notes Payable Purchase Obligation, due in monthly installments of \$334 through June 2026 at an interest rate of 0.00%.	\$ 7,013
\$14,490 Notes Payable Purchase Obligation, due in monthly installments of \$260 through February 2026 at an interest rate of 2.99%.	4,396
\$75,078 Notes Payable Purchase Obligation, due in monthly installments of \$1,359 through March 2026 at an interest rate of 2.99%.	23,897
\$98,850 Notes Payable Purchase Obligation, due in monthly installments of \$1,540 through October 2025 at an interest rate of 3.85%.	<u>19,596</u>
Total Business-Type Activities - Water and Sewer Fund	<u>\$ 54,902</u>

All debt borrowings are from direct borrowings. Business-type transactions long-term debts for the year ended September 30, 2024 are summarized as follows:

Type of Debt	October 1, 2023	Additions	Retirements	September 30, 2024	Due within one year
Business-type Activities					
Revenue Bonds	\$ 37,000	\$ -	\$ 37,000	\$ -	\$ -
Revenue Bonds	10,000	-	10,000	-	-
Loans Payable - Lawn Mower	11,021	-	4,008	7,013	4,008
Notes Payable - Trailer	7,340	-	2,944	4,396	3,033
Notes Payable - Loader	39,239	-	15,342	23,897	15,806
Notes Payable - Back loader	37,036	-	17,440	19,596	18,073
	<u>\$ 141,636</u>	<u>\$ -</u>	<u>\$ 86,734</u>	<u>\$ 54,902</u>	<u>\$ 40,920</u>

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

The annual requirements to retire business-type activities long-term debt as of September 30, 2024 is as follows:

Year Ending September 30,	Loans Payable - Lawn Mower		Notes Payable - Trailer	
	Principal	Interest	Principal	Interest
2025	4,008	-	3,033	90
2026	3,005	-	1,363	11
Totals	<u>\$ 7,013</u>	<u>\$ -</u>	<u>\$ 4,396</u>	<u>\$ 101</u>

Year Ending September 30,	Notes Payable - Loader		Notes Payable - Backloader	
	Principal	Interest	Principal	Interest
2025	15,806	499	18,073	404
2026	8,091	62	1,523	16
Totals	<u>\$ 23,897</u>	<u>\$ 561</u>	<u>\$ 19,596</u>	<u>\$ 420</u>

NOTE H – EMPLOYEE RETIREMENT SYSTEMS

Plan Description

The City of Maud participates as one of 934 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 Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. 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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>5</u>
Total	<u>23</u>

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

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 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The 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, 2024. The contribution rates for the City of Maud were 4.60% and 3.19% in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2024, were \$9,273, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	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 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, 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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

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

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	100.0%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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.

Changes in the Net Pension (Asset) Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at 12/31/2022	\$ 229,988	\$ 208,621	\$ 21,367
Changes for the year:			
Service cost	19,276	-	19,276
Interest	15,623	-	15,623
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(10,429)	-	(10,429)
Change in assumptions	(815)	-	(815)
Contributions - employer	-	11,636	(11,636)
Contributions - employee	-	12,648	(12,648)
Net investment income	-	24,328	(24,328)
Benefit payments, including refunds to employees	(16,357)	(16,357)	-
Administrative expense	-	(154)	154
Other changes	-	(1)	1
Net changes	7,298	32,100	(24,802)
Balance at 12/31/2023	\$ 237,286	\$ 240,721	\$ (3,435)

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:

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

	1% Decrease in Discount Rate 5.75%	Discount Rate (6.75%)	1% Increase in Discount Rate 7.75%
City's net pension (asset) liability	\$ 21,533	\$ (3,435)	\$ (23,708)

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.

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

For the year ended September 30, 2024 the city recognized pension expense of (\$5,899).

As of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 14,748
Changes in actuarial assumptions	-	524
Difference between projected and actual investment earnings	5,355	-
Contributions subsequent to the measurement date	6,857	-
	<u>\$ 12,212</u>	<u>\$ 15,272</u>

\$6,857 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, 2024. 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	(10,162)
2024	(1,760)
2025	4,055
2026	(2,050)
2027	-
Thereafter	-
Total	<u>\$ (9,917)</u>

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.

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

<u>Your city offers supplemental death to:</u>	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
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 2024, 2023 and 2022 were \$957, \$1,021, and \$638, respectively, which equaled the required contributions each year.

NOTE I – WATER SUPPLY & MAINTENANCE CONTRACTS

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.

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 \$57,300 of expenditures for water under the Water Supply Contract for the year ending September 30, 2024. The amount incurred is based on actual water consumption and estimated operations costs. The amount will be trueed-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 \$2,012 of expenditures to Riverbend.

The City of Maud currently has a Riverbend fee of \$.04 per 1,000 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 \$1.20 per 1,000 gallons of water purchased starting September 2020. In the current year, the fee increased to \$2.40 per 1,000 gallons. Total payments for this contract amounted to \$121,896 in FY 2024.

The City of Maud has entered into an Interlocal Agreement for Water and Wastewater System Operations and Maintenance Services with Riverbend Water Resources District. This agreement outlines the collaboration between Riverbend and the City of Maud for the management, operation, and maintenance of the city's water storage, distribution, and wastewater systems. For the current year, the City paid \$137,300 for management of the water and wastewater systems. The City also paid an additional \$63,835 to Riverbend for system repairs and maintenance.

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

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, 2024, the balance outstanding on the note receivable due from the City of Maud was \$19,956. 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 June 6, 2025, 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, 2024

	Budgeted Amounts		GAAP Basis Actual Amount	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 192,802	\$ 192,802	\$ 236,186	\$ 43,384
Franchise taxes	35,000	35,000	29,301	(5,699)
Sales taxes	136,000	136,000	131,824	(4,176)
Fines and forfeitures	2,765	2,765	3,190	425
Volunteer fire department supplemental	6,000	6,000	22,977	16,977
Donations	215	215	1,160	945
Grant revenues	3,000	3,000	24,941	21,941
Interest	20,500	20,500	39,301	18,801
Miscellaneous	50,281	50,281	33,738	(16,543)
Total revenues	446,563	446,563	522,618	76,055
Expenditures				
Contract services	2,000	2,000	16,390	(14,390)
Dues and subscriptions	13,500	13,500	11,918	1,582
Grant expenditures	2,500	2,500	-	2,500
Insurance other	1,922	1,922	1,010	912
IT software and support	16,000	16,000	16,603	(603)
Legal and audit	16,500	16,500	11,387	5,113
Miscellaneous	23,887	23,887	32,234	(8,347)
Oil and gas	8,000	8,000	1,435	6,565
Operating supplies	11,085	11,085	7,831	3,254
Payroll	187,331	187,331	134,631	52,700
Payroll health insurance	24,968	24,968	42,941	(17,973)
Payroll retirement expense	5,266	5,266	-	5,266
Payroll taxes and unemployment	15,156	15,156	-	15,156
Payroll workers compensation	3,751	3,751	-	3,751
Repairs and maintenance	15,697	15,697	31,720	(16,023)
Small equipment/ bunker gear	10,000	10,000	10,332	(332)
State court costs and fees	600	600	1,900	(1,300)
Utilities	38,100	38,100	39,181	(1,081)
Capital outlay	50,000	50,000	53,136	(3,136)
Debt service - principal	-	-	2,918	(2,918)
Debt service - interest expense	300	300	215	85
Total expenditures	446,563	446,563	415,782	30,781
Excess (deficiency) of revenues over expenditures	-	-	106,836	106,836
Net Change in Fund Balance	-	-	106,836	106,836
Fund balance at October 1, 2023	672,015	672,015	672,015	-
Fund balance at September 30, 2024	\$ 672,015	\$ 672,015	\$ 778,851	\$ 106,836

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	2023
Total Pension (Asset) Liability									
Service cost	\$ 14,466	\$ 16,012	\$ 15,661	\$ 15,812	\$ 15,945	\$ 16,839	\$ 17,311	\$ 20,827	\$ 19,276
Interest (on the Total Pension Liability)	5,086	6,647	8,146	9,843	11,190	12,295	14,334	15,807	15,623
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	1,148	(275)	1,260	(5,036)	(11,165)	3,359	(1,005)	(21,601)	(10,429)
Change of assumptions	4,341	-	-	-	1,420	-	-	-	(815)
Benefit payments, including refunds to employees	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)	(16,357)
Net Change in Total Pension Liability	25,041	22,384	25,067	20,619	15,936	30,994	27,117	(2,594)	7,298
Total Pension Liability - Beginning	65,424	90,465	112,849	137,916	158,535	174,471	205,465	232,582	229,988
Total Pension Liability - Ending (a)	\$ 90,465	\$ 112,849	\$ 137,916	\$ 158,535	\$ 174,471	\$ 205,465	\$ 232,582	\$ 229,988	\$ 237,286
Plan Fiduciary Net Position									
Contributions - employer	\$ 7,705	\$ 8,031	\$ 8,674	\$ 8,594	\$ 8,379	\$ 8,055	\$ 8,220	\$ 11,917	\$ 11,636
Contributions - employee	11,231	11,967	11,687	11,871	11,588	11,597	11,776	13,666	12,648
Net investment income	34	2,858	9,036	(2,840)	17,410	11,282	23,199	(15,907)	24,328
Benefit payments, including refunds to employees	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)	(16,357)
Administrative expense	(21)	(32)	(47)	(55)	(98)	(73)	(107)	(137)	(154)
Other changes	(1)	(2)	(2)	(3)	(3)	(3)	1	163	(1)
Net Change in Plan Fiduciary Net Position	18,948	22,822	29,348	17,567	35,822	29,359	39,566	(7,925)	32,100
Plan Fiduciary Net Position - Beginning	23,112	42,060	64,882	94,230	111,798	147,620	176,980	216,546	208,621
Plan Fiduciary Net Position - Ending (b)	\$ 42,060	\$ 64,882	\$ 94,230	\$ 111,797	\$ 147,620	\$ 176,979	\$ 216,546	\$ 208,621	\$ 240,721
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 48,405	\$ 47,967	\$ 43,686	\$ 46,738	\$ 26,851	\$ 28,486	\$ 16,036	\$ 21,367	\$ (3,435)
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%	101.45%
Covered Employee Payroll	\$ 224,626	\$ 239,338	\$ 233,740	\$ 237,413	\$ 231,762	\$ 231,840	\$ 235,519	\$ 273,318	\$ 252,965
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%	-1.36%

CITY OF MAUD, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION - TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2024
YEAR ENDED SEPTEMBER 30, 2023
Last 10 Years (will ultimately be displayed)

	SIX-MONTHS ENDED									
	FISCAL YEAR ENDED MARCH 31,					FISCAL YEAR ENDED SEPTEMBER 30,				
	2016	2017	2018	2019	2020	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 7,705	\$ 8,232	\$ 8,680	\$ 8,854	\$ 8,195	\$ 4,610	\$ 8,005	\$ 11,227	\$ 11,992	\$ 9,273
Contributions in relation to the actuarially determined contribution	7,705	8,232	8,680	8,854	8,195	4,610	8,005	11,227	11,992	9,273
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 227,121	\$ 230,123	\$ 228,720	\$ 244,576	\$ 228,517	\$ 126,298	\$ 229,668	\$ 269,406	\$ 264,018	\$ 267,472
Contributions as a percentage of covered employee payroll	3.39%	3.58%	3.80%	3.62%	3.59%	3.65%	3.49%	4.17%	4.54%	3.47%

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

Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.

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	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
	Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information: Notes	There were no benefit changes during the year.

CITY OF MAUD, TEXAS
REPORT ON COMPLIANCE AND INTERNAL CONTROLS



WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

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

June 6, 2025

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, 2024, 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 June 6, 2025.

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.

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." with a stylized, cursive script.

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

June 6, 2025

**CITY OF MAUD, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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, 2024**

There were no prior year findings.

**CITY OF MAUD, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

There were no current year findings.