



City of Sweetwater, Texas
Annual
Comprehensive
Financial Report
FY 2022-2023
Ended September 30, 2023

City of *Sweetwater*, Texas
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended September 30, 2023

Prepared by:
Finance Department

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

CITY OF SWEETWATER, TEXAS
THE ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM

INTEGRITY

CONTINUOUS IMPROVEMENT

TEAMWORK



City of ***Sweetwater***
P. O. BOX 450 • 200 EAST FOURTH STREET
SWEETWATER, TEXAS 79556 • (325) 236-6313
www.sweetwatertx.gov

March 12, 2024

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Sweetwater, Texas

State Law requires that every general-purpose local government publish within one hundred and eighty (180) days of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending September 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm of Cathrine Wilks, CPA LLC, has issued an unmodified ("clean") opinion on the City of Sweetwater's financial statements for the year ended September 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Sweetwater, incorporated in 1902, is located in the central-western part of the State. It currently occupies 10.96 square miles and serves a population of 10,622. The City of Sweetwater is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by State statutes to extend its corporate limits by annexation, which it has done on several occasions.

The City of Sweetwater has operated under the council-manager form of government since 1902. Policy-making and legislative authority are vested in a City Council consisting of the Mayor and four other members, all elected on a non-partisan basis. The City Council appoints the government's manager, who in turn appoints the heads of various departments. The Council is elected from single-member districts. Council members serve two-year staggered terms, with two Council members elected every year. The Mayor is elected to serve a two-year term and is elected at-large.

The City of Sweetwater provides a full range of services, including police and fire protection; streets and other infrastructure; recreation and cultural activities; water and sewer services; solid waste management; and ambulance services. Also, Sweetwater Enterprise for Economic Development – Municipal Development District (SEED-MDD) has met the criteria for inclusion as a component unit and is included in the report.

The City Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Sweetwater's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local economy

The City is a center for manufacturing, oil, transportation, wind and solar energy generation, and agriculture. Agriculture and oil have played an important role in our economy in past years. The area is a center for livestock, ranching, and farming with cotton, grains, and sorghum being the principal crops.

The city offers tax abatement programs based on Texas Tax Code Section 312, also known as the "Property Redevelopment and Tax Abatement Act," and resolutions passed through City Council. This initiative aims to entice new industries and foster the growth of current businesses, ultimately benefiting the economic landscape of Sweetwater.

The region has moved into a moderate to severe drought condition. Although the City's lakes are at 30% to 50% capacity, recreation lakes are still abundantly stocked with fish and a great source of water sport enjoyment to the West Texas area public. Underground water tables are still at healthy levels.

Several manufacturing companies are located near the City of Sweetwater. A cement production facility, two gypsum-based sheetrock production plants, and the growing wind energy industry provide a tremendous economic boost to the City and help maintain employment rates at a level that is consistently higher than the state average. Our largest private employer is a radioactive detection equipment manufacturing company, Ludlum Measurements.

The certified appraisal value of all taxable property in October 2022 for both real and personal in the City is \$550,521,035, an increase of \$44.9 million, or 8.9% over the previous year. This increase is primarily due to the increase in property improvement values. The overall stability is reflective of the City and its community leaders' efforts to improve the quality of life for its citizens through projects focused on improving the aesthetics of neighborhoods and major thoroughfares by implementing cleanup projects and incentives to businesses for building façade improvements.

Long-term financial planning

The City's ability to maintain adequate reserves is critical in allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. At the end of the current fiscal year, the general fund had unassigned reserves of more than the required 25% of its annual expenditures.

Within the next ten years, the City will be addressing the following issues:

- Create conditions to encourage economic growth to continue into the long term. The primary objective of the Sweetwater Enterprise for Economic Development is to promote Sweetwater and an atmosphere that will bring economic growth to Sweetwater.
- Rising healthcare costs seem to be an issue every year. The City is continually monitoring benefits and deductibles as well as reviewing the amount paid by our employees for their families. However, this continues to be a large concern for the City.
- Due to the severe weather conditions of the last few years, the city streets need major repair. After an in-depth street study, the City is seeking solutions to address the recommended issues.
- Public safety expenses continue to rise every year and the City plans to work closely with the public safety departments to control costs while keeping our community safe.
- During the last fiscal year, the City completed several quality-of-life improvement and abatement cleanup projects. The City will continue to use the Comprehensive Plan to define and guide the City in its decisions.

Within the next twenty years the City will be addressing the following issues:

- The transmission line from the City's surface water source, Oak Creek Lake, has a lifespan of 80 to 100 years. In 2034, the line will be hitting the 80-year mark. Consideration for funding the future replacement/rehab of the transmission line should begin presently.
- Exploring the possibility of an Emergency Services District with the footprint of the County as its tax base. This would provide for a more equitable and efficient means of serving the area population with fire and emergency medical services.
- The dams at Oak Creek Reservoir and Lake Trammel will need a major re-facing within the next 15 to 20 years. Maintenance efforts are budgeted every year to prolong their life.

Major initiatives

- With the 2017 approved parks master plan and the 2022 approved city comprehensive plan, the city will move forward to implement both plans in the coming years. With these two plans in mind, staff, citizens, and other local entities have created a thoughtful process to choose and implement capital purchases and capital projects along with their funding options to reflect the community goals and needs.
- There are water distribution lines in the community that are close to 100 years old. To provide its citizens with safe and reliable water, the City is applying for funding through various entities including the Texas Water Development Board and the Texas Community Development Block Grant funds to replace aged residential water lines in older lower-income areas of the community.
- Water and wastewater system improvement projects, including the replacement of aging equipment, membranes, water lines, and collection lines, have begun. These projects are funded by a Texas Water Development Board low-interest loan for \$5.5 million.
- The City has completed a conjunctive water study to maximize the sufficient yield and to help determine safe use of our water sources. To continue to grow and be attractive to outside industry, the City must seek alternative water sources that can sustain the City's water demands through growth and cyclical drought conditions. The City will need to apply for a Texas Water Development Board low-interest loan to fund the acquisition of alternative future water sources.

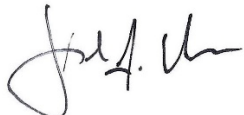
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sweetwater for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the 44th consecutive year that the government has received this prestigious award. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sweetwater's finances.

Respectfully submitted,



David A. Vela, ICMA-CM
City Manager



Kirsta Koennecke, MBA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sweetwater
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

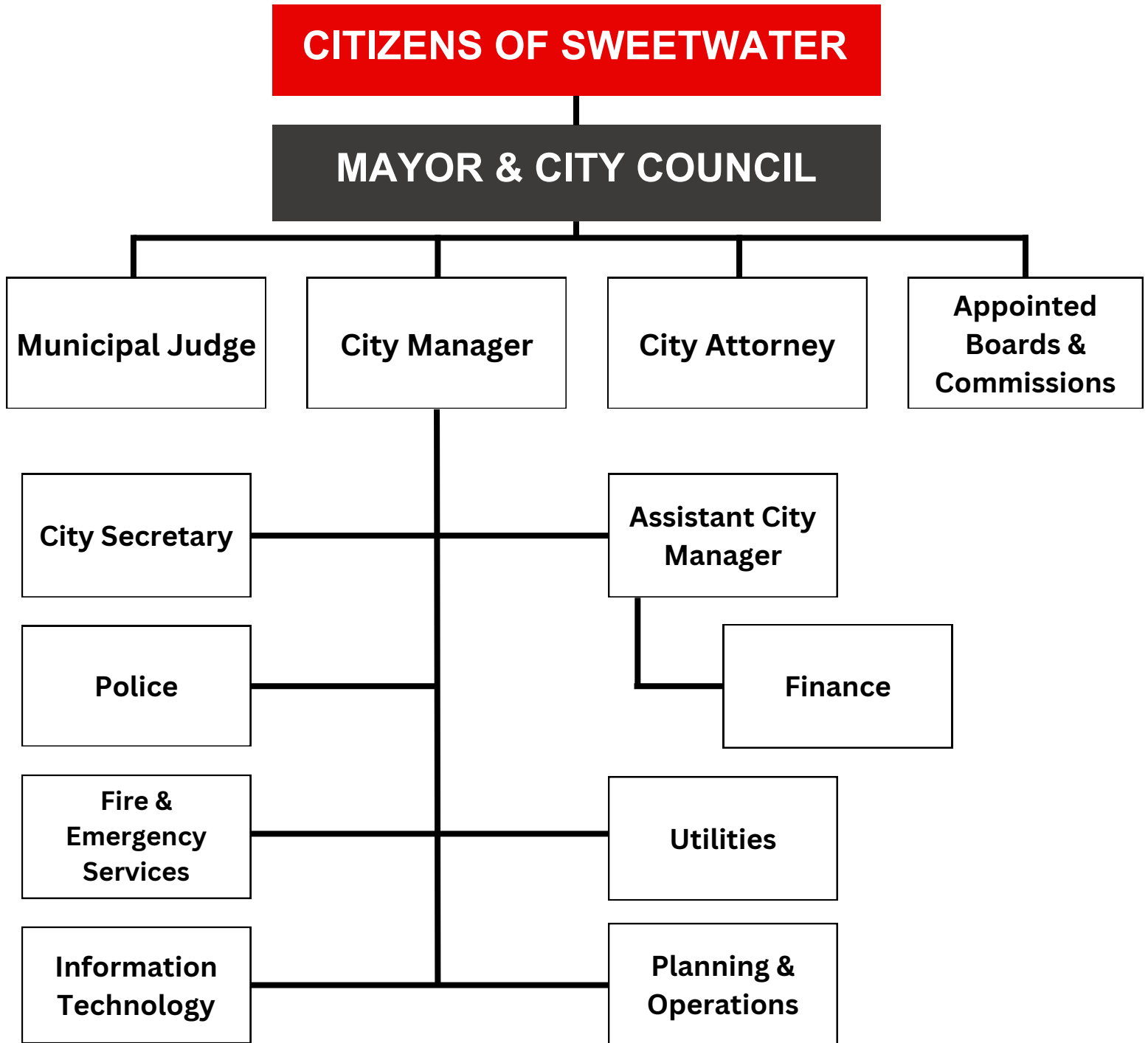
September 30, 2022

Christopher P. Morill

Executive Director/CEO



ORGANIZATION CHART



We lead with trust and respect to provide a vibrant, secure community for all.

PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

City of Sweetwater, Texas
Incorporated 1902
Present Charter Adopted July 9, 1956

Principal Officials
September 30, 2023

Elected Officials

Jim McKenzie
John McPherson
Kerry Baker
Ricky Castro
Dr. Jerod Peek

Mayor, At Large
Council Member, Precinct 1
Council Member, Precinct 2
Council Member, Precinct 3
Council Member, Precinct 4

Appointed Officials

David A. Vela, ICMA-CM
Lisa Adames, CPM
Kirsta Koennecke, MBA
Justin Clowers
Becky Jimenez
Zach Adames
Bryan Sheridan
Dewey Coy
Lynn Barrett, AICP, CPM
Miesha Adames
Tonya Challis
Judge Kenny Maxwell
Jeffrey Allen

City Manager
Assistant City Manager
Finance Director
Utilities Director
City Secretary
Information Technology Director
Police Chief
Emergency Management Director
Planning & Operations Director
SEED Director
SNAP Director
Municipal Judge (Part-Time)
City Attorney (Part-Time)

FINANCIAL SECTION

**“We lead with trust and respect to provide a vibrant,
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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Jim McKinzie and
Members of the City Council
Sweetwater, Texas 79556

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

My 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 my 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*, I:

- 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment information as listed in the table of contents 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and schedules, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our

auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 8, 2024, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Cathrine Wilks CPA LLC

Sweetwater, Texas
March 8, 2024

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

As management of the City of Sweetwater, we offer readers of the City of Sweetwater's financial statements this narrative overview and analysis of the financial activities of the City of Sweetwater for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-5 of this report. All amounts in this analysis, unless otherwise indicated, are expressed in **thousands** of dollars.

Financial Highlights

- The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,817 (*net position*). The majority of the City's net position, \$32,013 (85%), is net investment in capital assets and is not available for future spending. The City's total net position increased \$112 and the unrestricted net position is \$4,524 (12%) which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Sweetwater's governmental funds reported combined ending fund balances of \$5,141 a decrease of \$103 compared to the previous year; of this amount, \$3,175, or 62%, is *available for spending* at the government's discretion (*unassigned fund balance*), \$1,511, or 29%, is committed, \$438, or 8%, is restricted and \$17, or less than 1%, is non-spendable.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General Fund was \$3,267 or approximately 27% of total general fund expenditures.
- On a budgetary basis the City's General Fund revenues were below budget by \$246 or 2% and total expenditures were below budget by \$580 or 5%.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Sweetwater's basic financial statements. The City of Sweetwater's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Sweetwater's finances, in a manner similar to a private-sector business.

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

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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City of Sweetwater that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Sweetwater include general government, public safety, public works, culture and recreation, community services and airport. The business-type activities of the City of Sweetwater include the Water and Wastewater Fund, Solid Waste Management Fund and the Ambulance Fund.

The government-wide financial statements include not only the City of Sweetwater itself (known as the *primary government*), but also Sweetwater Enterprise for Economic Development - Municipal Development District (SEED-MDD) a legally separate political subdivision of the State of Texas and the City. Financial

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

information for this *component unit* has been discretely reported with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 23 and 24 of this report.

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 of Sweetwater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sweetwater can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Sweetwater maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other five governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The City of Sweetwater adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 26-39 of this report.

Proprietary funds. The City of Sweetwater maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Sweetwater uses enterprise funds to account for its Water and Wastewater, Solid Waste Management and Ambulance activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Sweetwater's various functions. The City of Sweetwater uses internal service funds to account for its Central Garage and Stores and for its Self-Insured Employee Benefit (health care) services. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Fund, the Solid Waste Management and Ambulance Funds, which are all considered to be major funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary fund. The City is the trustee, or fiduciary, for assets held and managed for others. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is only responsible for ensuring that the assets reported in this fund are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activity is reported in a separate Statement of Net Position located on pages 33-34 of this report.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Sweetwater's pension plans. Required supplementary information can be found on pages 69-75 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 78-86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sweetwater, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$37,817 at the close of the most recent fiscal year.

City of Sweetwater's Net position

	Governmental Activities		Business Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Assets:						
Current & other assets	\$8,470	\$7,957	\$19,650	\$16,199	\$28,120	\$24,156
Capital assets	9,924	9,422	27,409	30,356	37,333	39,778
Total assets	18,394	17,379	47,059	46,555	65,453	63,934
Deferred outflows of resources	1,103	7,140	655	4,401	1,758	11,541
Liabilities:						
Long-term liabilities outstanding	5,403	14,888	17,471	21,098	22,874	35,986
Other liabilities	520	366	2,941	874	3,461	1,240
Total liabilities	5,923	15,254	20,412	21,972	26,335	37,226
Deferred inflows of resources	2,139	265	1,031	167	3,170	432
Net position:						
Net investment in capital assets	9,237	8,886	18,405	23,127	27,642	32,013
Restricted	759	587	4,106	693	4,865	1,280
Unrestricted	1,439	(473)	3,760	4,997	5,199	4,524
Total net position	\$11,435	\$9,000	\$26,271	\$28,817	\$37,706	\$37,817

A significant portion of the City of Sweetwater's net position \$32,013 (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Sweetwater uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Sweetwater's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Sweetwater's net position, \$1,280 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$4,524 (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

There was a \$2,434 decrease in the ending net position of governmental activities and an increase of \$2,546 in the ending net position of business-type activities. The total primary government's ending net position increased from the previous year by \$112. This increase was due to the decrease in total assets of \$1,518, primarily capital assets net of depreciation, an increase in total liabilities of \$10,891, and a net total pension deferred outflows and inflows of resources positive increase of \$7,045.

At the end of the current fiscal year, the City of Sweetwater can report a government-wide positive balance of \$37,817 in the ending net position. The governmental activities had a negative unrestricted net position of \$473. This deficit was an increase of \$1,912 over the previous fiscal year. Details of this swing are discussed further below under the Governmental activities' key elements. The government's separate governmental and business-type activities had positive ending fund balances or net position, except for the ambulance activity which had a deficit net position due to the implementation of GASB 68 in a prior fiscal year. Previous to the implementation, the entity reported all positive balances net position.

City of Sweetwater's Changes in Net Position

	Governmental activities		Business type activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program Revenues:						
Charges for Services	\$2,908	\$3,250	\$10,951	\$12,249	\$13,859	\$15,499
Operating Grants and Contributions	812	362	578	-	1,390	362
Capital Grants and Contributions	1,331	51	1,795	665	3,126	716
General Revenues:					-	-
Property Taxes	2,731	2,742	-	-	2,731	2,742
Sales Taxes	3,558	3,594	-	-	3,558	3,594
Other Taxes	1,803	1,844	-	-	1,803	1,844
Grants and Contributions not restricted	-	-	464	2,135	464	2,135
Other	837	836	738	823	1,575	1,659
Total Revenues	13,980	12,679	14,526	15,872	28,506	28,551
Expenses:						
General Government	2,127	2,650	-	-	2,127	2,650
Public Safety	6,285	8,467	-	-	6,285	8,467
Public Works	1,095	1,271	-	-	1,095	1,271
Culture and Recreation	1,558	1,708	-	-	1,558	1,708
Community Services	584	661	-	-	584	661
Airport	535	652	-	-	535	652
Water and Sewer	-	-	7,104	7,985	7,104	7,985
Solid Waste	-	-	1,920	1,845	1,920	1,845
Emergency Medical Services	-	-	1,954	3,201	1,954	3,201
Total Expenses	12,184	15,409	10,978	13,031	23,162	28,440
Increase in Net position Before Transfers and Special items	1,796	(2,729)	3,548	2,841	5,344	112
Transfers	668	295	(668)	(295)	-	-
Loss on Disposal of Property	-	-	-	-	-	-
Increase (decrease) in net position	2,464	(2,434)	2,880	2,546	5,344	112
Net position - beginning	8,952	11,435	25,985	26,271	34,937	37,706
Prior Period Adjustment	19	-	(2,594)	-	(2,575)	-
Net position	\$11,435	9,000	\$26,271	\$28,817	\$37,706	37,817

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

The key elements of the increase to the City of Sweetwater's combined net position by \$112 are as follows:

Governmental activities. Governmental activities decreased the City of Sweetwater's ending net position by \$2,434. Key elements of this decrease are as follows:

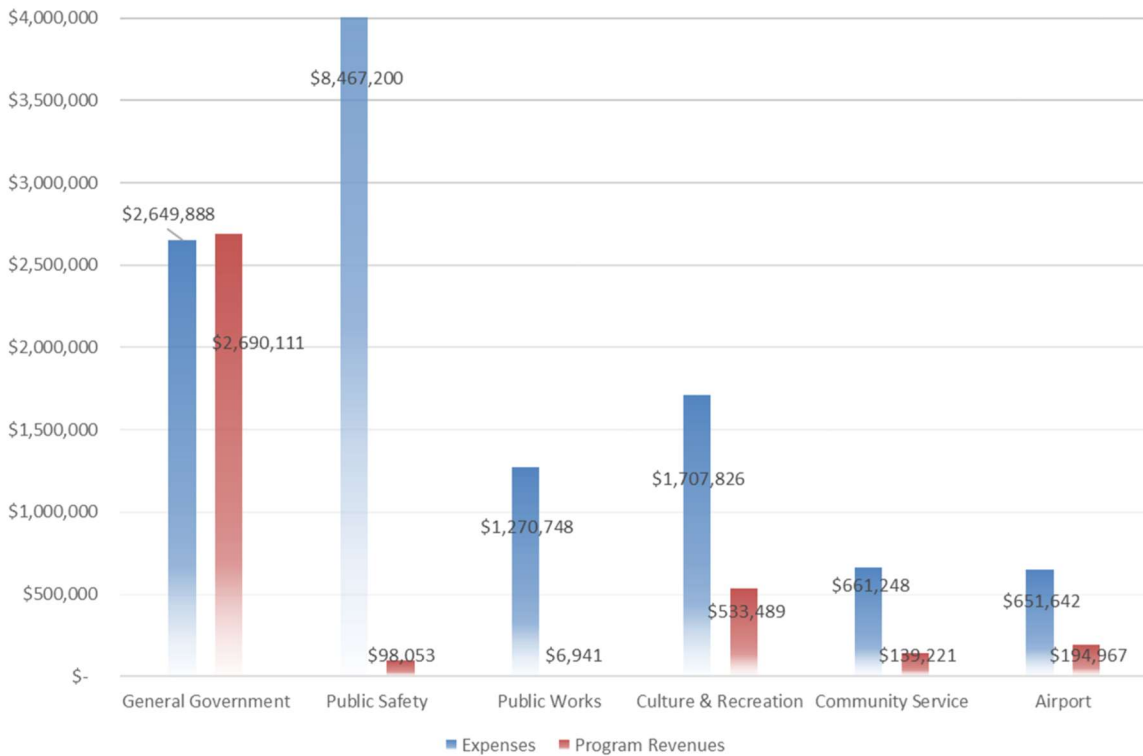
- Governmental Activities revenues had an overall decrease of \$1,300 (9%) and expenditures increased \$3,225 (26%).
- The City's charges for services increased \$368, primarily from increased administrative fees from enterprise funds
- The City's total tax collections, including property, sales, and franchise taxes, increased by \$88. The increase in tax collections was primarily due to the healthy sales tax increase of \$36 and other taxes of \$41.
- The decrease of \$1,280 in the operating and capital grants and contributions categories was due to the completion of a major airport project in 2022.
- Governmental-type expenses increased from previous year by \$3,225. The increase was over all sectors and was due to the increased cost of supplies to maintain city activities and a turnover of police and fire personnel. Purchase requests were carefully considered for necessity before approval was given.

Business-type activities. Business-type activities increased the City of Sweetwater's ending net position by \$2,546. Key elements of this increase are as follows:

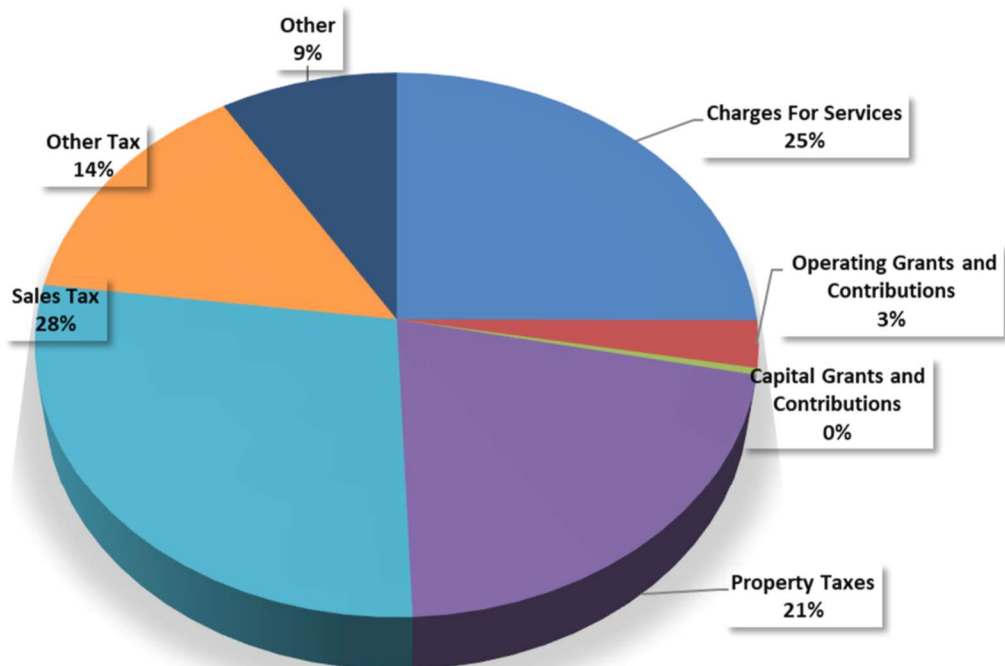
- Business type total revenues had an overall increase of \$1,346 (9%) and expenditures increased \$2,053 (19%).
- Charges for services for the business-type activities increased by \$1,298 (11.9%).
 - An increase of \$443 water and sewer revenues reflects a 5% increase in residential rates.
 - There was a \$90 increase in Refuse charges due to a rate increase.
 - Ambulance charges increased \$764
- There was a decrease of \$1,130 in capital grant revenue for water system and infrastructure projects.
- Transfers from the general fund into the ambulance department increased by \$170.
- Transfers from the water and sewer fund into the general fund to assist with public safety decreased \$210 and into the refuse fund for its support was a decrease of \$44.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

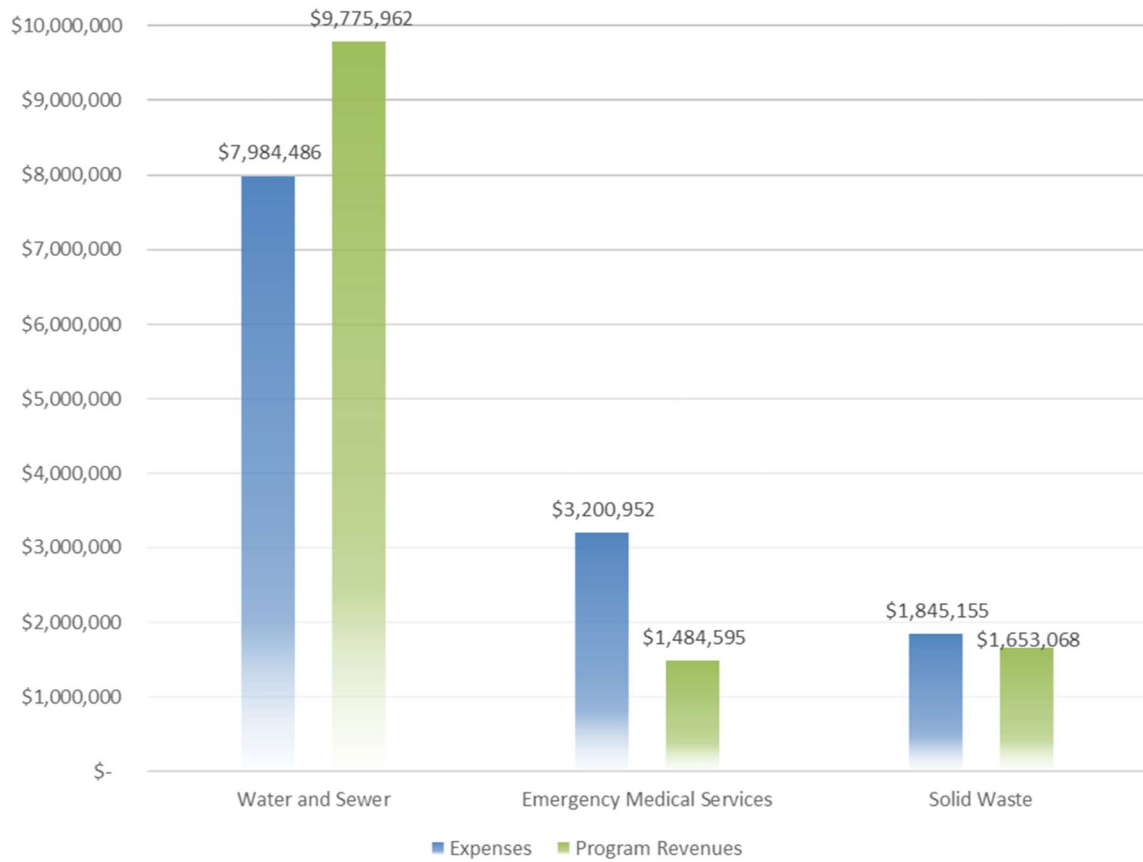


Revenue By Source - Governmental Activities

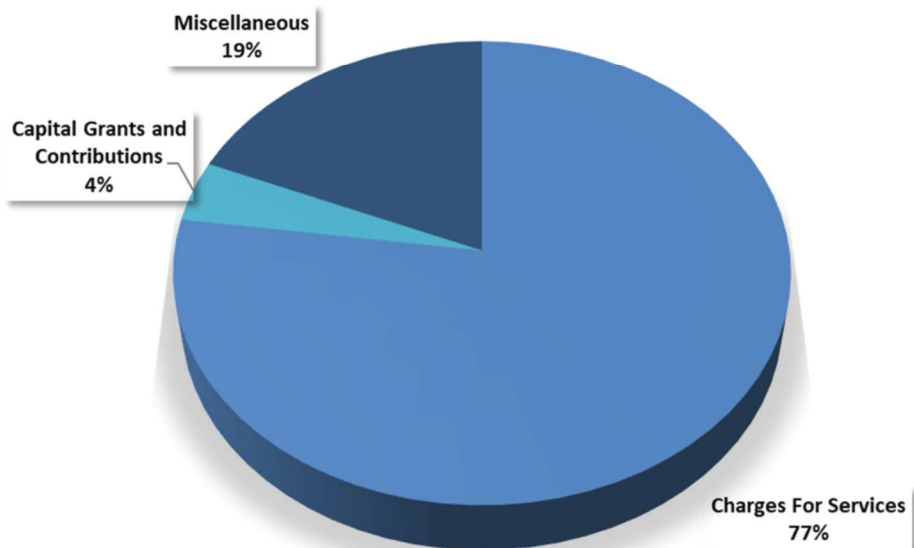


CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



Revenue by Source - Business-type Activities



CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Individual Fund Reporting

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Sweetwater's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Sweetwater's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Sweetwater's governmental funds reported combined ending fund balances of \$5,141. The combined ending fund balances consist of \$3,175 in unassigned fund balance, which is available for spending at the government's discretion and \$1,966 in committed, restricted, and non-spendable fund balances, which must be spent for the purpose in which the designation is intended.

The general fund is the chief operating fund of the City of Sweetwater. At the end of the current fiscal year, total fund balance of the general fund was \$3,690 of which \$3,175 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 31% of total general fund expenditures.

The fund balance of the City of Sweetwater's general fund decreased by \$164 during the current fiscal year. The key factors in this increase are as follows:

- General fund revenues were \$86 under expenditures.
- Transfers from the general fund increased \$188 from 2022. The increase was primarily from increases in transfers to the Ambulance fund of \$171 and the SNAP and cemetery funds of \$18.
- The Water and Wastewater Fund transferred \$966 into General Fund to help with its support of public safety.

Proprietary funds. The City of Sweetwater's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$8,799. The total increase in net position for this Fund was \$3,487. The Solid Waste Management Fund had an increase in net position of \$11 even after the \$261 transfers in from the Water Wastewater Fund. The Ambulance Fund had a decrease in net position of \$952 which includes \$759 transfers from the General Fund.

General Fund Budgetary Highlights

The city prepares its annual operating budget on a basis which differs from U.S. generally accepted accounting principles (GAAP basis). See Note C of the notes to financial statements for further explanation of the differences in methods. There was one amendment to the budget passed during the year which had the effect of increasing the general fund's budgeted revenues by \$222 and increased its budgeted expenditures by \$543. Following are the main components of the amendments:

- Increase in contributions from operating grants and contributions for Code Enforcement, Police, Fire, and Parks Departments
- Increase in demolition and development projects in the code enforcement department.
- Increase in contracted expenditures for city-wide software development and change.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

- Increase in personnel expenditures for additional police and fire department positions.
- Increase in supplies and contracted services for animal control department.
- Increase in transfers out to the SNAP funds.

The General Fund's actual budget basis revenues, expenditures, and other financing sources (uses) for fiscal year 2023 resulted in a decrease in fund balance of \$164. The actual budget basis total revenues were \$11,708 while budgeted total revenues were \$11,954. The negative variance of \$245 was primarily due to intergovernmental revenues not meeting expectations with airport grants and miscellaneous revenue with oil royalties. Interest revenues exceeded expectations with a positive variance of \$101.

General Fund's fiscal year 2023 actual budget basis expenditures before other financing sources (uses) were \$11,794 while budgeted expenditures were \$12,374. The positive variance of \$580 was primarily due to savings from personnel vacancies and continued conservative spending

Capital Asset and Debt Administration

Capital assets. The City of Sweetwater's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$39,778 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, streets, and bridges.

City of Sweetwater's Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	\$ 178	\$ 178	\$ 2,416	\$ 2,416	\$ 2,594	\$ 2,594
Buildings	3,253	3,090	5,685	5,314	8,938	8,404
Improvement other than buildings	3,385	3,033	15,555	14,606	18,940	17,639
Machinery and equipment	2,214	2,375	599	656	2,813	3,031
Right-to-use leased equipment	894	746	-	-	894	746
Construction in progress	-	-	3,154	7,364	3,154	7,364
Total	\$9,924	\$9,423	\$27,409	\$30,356	\$37,333	\$39,779

Additional information on the City of Sweetwater's capital assets can be found in Note (4) starting on page 44 of this report.

City of Sweetwater's Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2022	2023	2022	2023	2022	2023
Leases	\$ 687	\$ 537	\$ -	\$ -	\$ 687	\$ 537
Net pension liability	3,642	13,310	3,447	9,039	7,089	22,349
Net OPEB liability	390	268	157	118	547	386
Note Payable	-	-	5	-	5	-
Compensated Absences	684	773	203	208	887	981
General Obligation Bonds	-	-	4,015	2,720	4,015	2,720
Certificates of Obligation	-	-	9,079	8,521	9,079	8,521
Bond premium	-	-	246	151	246	151
Landfill post-closure	-	-	319	341	319	341
Total	\$5,403	\$14,888	\$17,471	\$21,098	\$22,874	\$35,986

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Long-term Obligations. At the end of the current fiscal year, the City of Sweetwater had \$35,986 of long-term obligations, an increase of \$13,112. Included in the long-term obligations is bonded debt outstanding of \$11,392, which represents bonds secured by revenue and tax sources.

The City of Sweetwater's increase in total long-term obligations of \$13,112 (57%) during the current fiscal year was due to an increased net pension liability. There were no new leases or bonded debt obligations issued during the fiscal year.

The City of Sweetwater maintains an "AA-" rating from Standard & Poor's and Fitch for its revenue and tax certificates of obligation debt.

Additional information on the City of Sweetwater's long-term debt can be found in Note (5) starting on page 46 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City's County, Nolan, at year-end was 3.6%, an increase from the 3.3% rate a year ago. This increase compares favorably to the state's average unemployment rate for the same period of 3.9% and the United States rate of 3.7%. The city is optimistic about the major expansions of two manufacturing plants located just outside of the city's limit, several smaller new business startups, and new business and residential construction projects. It should be mentioned that the efforts of the Sweetwater Enterprise for Economic Development – MDD have had an enormous impact in generating more interest in our small town.
- With more activity being generated by the new business and construction projects mentioned above, there is a demand for more city services such as public safety and the maintenance of the City's aging infrastructure. The City Council set the FY 2024 property tax rate at \$0.50715 per \$100 of valuation to meet the community's needs. This rate is just slightly under the rollback rate.

All of these factors were considered in preparing the City of Sweetwater's budget for the 2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Sweetwater's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report for the City or its component unit, Sweetwater Enterprise for Economic Development - Municipal Development District, or requests for additional financial information should be addressed to the Office of the City Comptroller, P.O. Box 450, Sweetwater, Texas 79556-0450.

BASIC FINANCIAL STATEMENTS

CITY OF SWEETWATER, TEXAS

Statement of Net Position September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SEED MDD
Assets				
Current cash and cash equivalents	\$ 6,541,458	\$ 8,801,180	\$ 15,342,638	\$ 7,139,159
Receivables (net of allowance for uncollectibles)	704,423	1,932,241	2,636,664	94,592
Internal balances	77,084	(77,084)	-	-
Due from other governments	18,612	115,242	133,854	-
Inventories	59,125	571,575	630,700	-
Other assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	556,029	4,855,709	5,411,738	-
Capital assets (net of accumulated depreciation):				
Land	178,332	2,415,757	2,594,089	-
Construction in-progress	-	7,363,933	7,363,933	-
Buildings	3,090,482	5,313,997	8,404,479	-
Improvements other than buildings	3,033,123	14,606,054	17,639,177	-
Machinery and equipment	2,374,840	656,381	3,031,221	-
Right-to-use leased equipment	745,936	-	745,936	-
Total assets	<u>17,379,444</u>	<u>46,554,985</u>	<u>63,934,429</u>	<u>7,233,751</u>
Deferred Outflows of Resources				
Deferred pension outflow	7,135,330	4,395,633	11,530,963	-
Deferred OPEB outflow	4,577	5,132	9,709	-
Total deferred outflows of resources	<u>7,139,907</u>	<u>4,400,765</u>	<u>11,540,672</u>	<u>-</u>
Liabilities				
Accounts payable.	203,185	229,561	432,746	928
Retainage payable	-	129,189	129,189	-
Customer security deposits	-	467,753	467,753	-
Accrued liabilities	70,634	47,528	118,162	-
Due to other governments	92,047	-	92,047	-
Unearned revenue	-	-	-	-
Long-term liabilities:				
Due within one year	297,403	2,015,144	2,312,547	-
Due in more than one year	14,590,286	19,082,939	33,673,225	-
Total liabilities	<u>15,253,555</u>	<u>21,972,114</u>	<u>37,225,669</u>	<u>928</u>
Deferred Inflows of Resources				
Deferred pension inflow	185,323	139,046	324,369	-
Deferred OPEB inflow	80,130	27,608	107,738	-
Total deferred inflows of resources	<u>265,453</u>	<u>166,654</u>	<u>432,107</u>	<u>-</u>
Net Position				
Net investment in capital assets	8,885,755	23,127,307	32,013,062	-
Restricted for:				
Community services	7,869	-	7,869	-
Opioid remediation	21,424	-	21,424	-
PEG capital costs	227,028	-	227,028	-
Public safety	2,673	-	2,673	-
Debt service	150,247	660,017	810,264	-
Court costs	12,661	-	12,661	-
Capital improvements	6,192	32,649	38,841	-
Development projects	159,901	-	159,901	4,264,421
Unrestricted (deficit)	(473,407)	4,997,009	4,523,602	2,968,402
Total Net Position	<u>\$ 9,000,343</u>	<u>\$ 28,816,982</u>	<u>\$ 37,817,325</u>	<u>\$ 7,232,823</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Activities
For the Year Ended September 30, 2023

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 2,649,888	\$ 2,565,211	\$ 124,900	\$ -
Public safety	8,467,200	-	98,053	-
Public works	1,270,748	6,941	-	-
Culture and recreation	1,707,826	482,458	-	51,031
Community services	661,248	-	139,221	-
Airport	651,642	194,967	-	-
Total governmental activities	15,408,552	3,249,577	362,174	51,031
Business-type Activities:				
Water and wastewater	7,984,486	9,111,315	-	664,648
Solid waste management	1,845,155	1,653,068	-	-
Ambulance	3,200,952	1,484,595	-	-
Total business-type activities	13,030,593	12,248,978	-	664,648
Total Primary Government	\$ 28,439,145	\$ 15,498,555	\$ 362,174	\$ 715,679
Component Unit:				
SEED - Municipal Development District	1,378,298	-	-	-
Total component units	\$ 1,378,298	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales tax

Franchise tax

Occupancy tax

Alcohol beverage

Grants and contributions not restricted to specific program

Investment earnings

Other

Transfers

Total general revenues, special item and transfers

Change in net position

Net position - beginning

Net position - ending

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

Net (Expenses) Revenues and Changes in Net Position Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	SEED MDD
\$ 40,223	\$ -	\$ 40,223	\$ -
(8,369,147)	-	(8,369,147)	-
(1,263,807)	-	(1,263,807)	-
(1,174,337)	-	(1,174,337)	-
(522,027)	-	(522,027)	-
(456,675)	-	(456,675)	-
(11,745,770)	-	(11,745,770)	-
-	1,791,476	1,791,476	-
-	(192,087)	(192,087)	-
-	(1,716,357)	(1,716,357)	-
-	(116,968)	(116,968)	-
\$ (11,745,770)	\$ (116,968)	\$ (11,862,738)	\$ -
-	-	-	(1,378,298)
\$ -	\$ -	\$ -	\$ (1,378,298)
2,742,027	-	2,742,027	-
3,594,541	-	3,594,541	1,264,153
1,148,435	-	1,148,435	-
685,402	-	685,402	-
10,970	-	10,970	-
-	2,135,476	2,135,476	-
170,552	500,598	671,150	222,267
664,500	321,794	986,294	11,390
295,016	(295,016)	-	-
9,311,444	2,662,852	11,974,296	1,497,810
(2,434,326)	2,545,885	111,559	119,512
11,434,669	26,271,097	37,705,766	7,113,311
\$ 9,000,343	\$ 28,816,982	\$ 37,817,325	\$ 7,232,823

CITY OF SWEETWATER, TEXAS

Balance Sheet Governmental Funds September 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Current cash and cash equivalents	\$ 3,218,956	\$ 1,539,783	\$ 4,758,739
Receivables, net of allowance for uncollectibles	704,423	-	704,423
Due from other funds	-	-	-
Due from other governments	-	18,495	18,495
Inventories	16,950	-	16,950
Restricted cash and cash equivalents	405,782	-	405,782
	<u>405,782</u>	<u>-</u>	<u>405,782</u>
Total assets	<u>\$ 4,346,111</u>	<u>\$ 1,558,278</u>	<u>\$ 5,904,389</u>
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable	87,869	12,756	100,625
Accrued liabilities	54,046	1,289	55,335
Due to other funds	123,499	1,590	125,089
Due to other governments	-	92,047	92,047
Total liabilities	<u>265,414</u>	<u>107,682</u>	<u>373,096</u>
Deferred inflow of resources:			
Unavailable revenue - property taxes	<u>390,649</u>	<u>-</u>	<u>390,649</u>
Fund balances:			
Non-spendable	16,950	-	16,950
Restricted	405,782	31,966	437,748
Committed	92,607	1,418,630	1,511,237
Unassigned	<u>3,174,709</u>	<u>-</u>	<u>3,174,709</u>
Total fund balances	<u>3,690,048</u>	<u>1,450,596</u>	<u>5,140,644</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,346,111</u>	<u>\$ 1,558,278</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			7,081,665
Deferred outflows of resources are not reported in the governmental funds.			6,855,709
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(13,893,577)
Deferred inflows of resources are not reported in the governmental funds.			(255,906)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			390,649
Internal service funds are used by management to charge the costs of central garage and stores as well as employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			<u>3,681,159</u>
Net position of governmental activities			<u>\$ 9,000,343</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes:			
Property	\$ 2,691,746	\$ -	\$ 2,691,746
Sales	3,594,541	-	3,594,541
Occupancy	-	685,402	685,402
Alcoholic beverage	10,970	-	10,970
Franchise Fees	1,148,435	-	1,148,435
Intergovernmental	188,046	112,564	300,610
Charges for services	2,566,199	3,250	2,569,449
Rents and royalties	636,341	-	636,341
Contributions and donations	64,513	26,658	91,171
Licenses and permits	92,715	-	92,715
Investment income	125,524	45,029	170,553
Fines and forfeitures	101,075	-	101,075
Miscellaneous	488,292	47,629	535,921
Total revenues	<u>11,708,397</u>	<u>920,532</u>	<u>12,628,929</u>
Expenditures			
Current:			
General government	2,521,292	-	2,521,292
Public safety	6,548,042	-	6,548,042
Public works	1,238,677	-	1,238,677
Culture and recreation	891,956	685,402	1,577,358
Community services	96,774	528,838	625,612
Airport	289,263	-	289,263
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay:			
General government	15,000	-	15,000
Public safety	33,100	-	33,100
Culture and recreation	160,037	-	160,037
Community services	-	18,755	18,755
Total expenditures	<u>11,794,141</u>	<u>1,232,995</u>	<u>13,027,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,744)</u>	<u>(312,463)</u>	<u>(398,207)</u>
Other financing sources (uses)			
Transfers in	1,053,616	373,700	1,427,316
Transfers out	(1,132,025)	(275)	(1,132,300)
Total other financing sources and uses	<u>(78,409)</u>	<u>373,425</u>	<u>295,016</u>
Net change in fund balances	<u>(164,153)</u>	<u>60,962</u>	<u>(103,191)</u>
Fund balances - beginning	3,854,201	1,389,634	5,243,835
Fund balances - ending	<u>\$ 3,690,048</u>	<u>\$ 1,450,596</u>	<u>\$ 5,140,644</u>

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

CITY OF SWEETWATER, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities (page 25) are different because:

Net change in fund balances - total governmental funds (page 27)	\$ (103,191)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,037,855) exceeded capital outlays of \$226,892 in the current year.	(810,963)
Governmental funds report additions and reductions in debt as revenue and expenditures. These payments are reclassified to reduce the long-term liability on the statement of activities.	(83,937)
Included in the changes related to debt is the recognition of deferred outflows of resources of \$5,829,804, deferred inflows of resources of \$1,670,808 and net pension and OPEB liability of (\$9,126,619) associated with pension and other post-employment benefit plans.	(1,626,007)
Reclassification entries to convert modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, and adjusting current year revenue to show revenue earned from the current year's tax levy, as well as revenue earned on a current year contract yet not available in the current year.	50,281
The net gain of certain activities of internal service funds is reported with governmental activities.	<u>139,491</u>
Change in net position of governmental activities (page 25)	<u><u>\$ (2,434,326)</u></u>

CITY OF SWEETWATER, TEXAS

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,727,308	\$ 2,727,308	\$ 2,691,746	\$ (35,562)
Sales	3,627,900	3,627,900	3,594,541	(33,359)
Alcoholic beverage	15,000	15,000	10,970	(4,030)
Franchise tax	1,127,770	1,127,770	1,148,435	20,665
Intergovernmental	166,000	333,900	188,046	(145,854)
Charges for services	2,536,018	2,536,018	2,566,199	30,181
Rents and royalties	723,775	723,775	636,341	(87,434)
Contributions and donations	12,000	65,831	64,513	(1,318)
Licenses and permits	97,300	97,300	92,715	(4,585)
Investment income	25,000	25,000	125,524	100,524
Fines and forfeitures	56,410	56,410	101,075	44,665
Miscellaneous	617,941	617,941	488,292	(129,649)
Total revenues	<u>11,732,422</u>	<u>11,954,153</u>	<u>11,708,397</u>	<u>(245,756)</u>
Expenditures				
Current:				
General government:				
Mayor and commission	27,134	27,134	18,257	8,877
City administration	553,686	566,086	559,783	6,303
City finance	448,776	473,476	447,455	26,021
Municipal court	147,704	147,704	143,605	4,099
Code enforcement	614,216	849,716	761,254	88,462
Non-departmental	487,099	540,351	605,936	(65,585)
Public safety:				
Police department	4,216,914	4,337,514	4,431,136	(93,622)
Fire department	2,174,277	2,239,277	2,150,006	89,271
Public works:				
Streets and signals	1,204,968	1,204,968	1,038,482	166,486
Animal control	185,186	197,286	200,195	(2,909)
Culture and recreation:				
Parks and cemetery	1,036,455	1,036,455	861,224	175,231
Golf course	112,219	112,159	83,081	29,078
Aquatics	155,695	155,695	107,689	48,006
Community services	75,000	95,000	96,775	(1,775)
Airport	391,339	391,339	289,263	102,076
Total expenditures	<u>11,830,668</u>	<u>12,374,160</u>	<u>11,794,141</u>	<u>580,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,246)</u>	<u>(420,007)</u>	<u>(85,744)</u>	<u>334,264</u>
Other financing sources (uses)				
Transfers in	1,054,000	1,054,000	1,053,616	384
Transfers out	(927,177)	(1,077,177)	(1,132,025)	54,848
Total other financing sources and uses	<u>126,823</u>	<u>(23,177)</u>	<u>(78,409)</u>	<u>55,232</u>
Net change in fund balances	<u>28,577</u>	<u>(443,184)</u>	<u>(164,153)</u>	<u>389,496</u>
Fund balances - beginning	<u>3,854,201</u>	<u>3,854,201</u>	<u>3,854,201</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,882,778</u>	<u>\$ 3,411,017</u>	<u>\$ 3,690,048</u>	<u>\$ 389,496</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Net Position Proprietary Funds September 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 8,363,061	\$ 437,439	\$ 680	\$ 8,801,180	\$ 1,782,719
Due from other funds	-	-	-	-	202,173
Due from other governments	-	-	115,242	115,242	117
Accounts receivable (net of allowance for uncollectibles)	1,634,919	202,796	94,526	1,932,241	-
Inventories	571,575	-	-	571,575	42,175
Restricted assets:					
Cash and cash equivalents	4,855,709	-	-	4,855,709	150,247
Total current assets	15,425,264	640,235	210,448	16,275,947	2,177,431
Noncurrent assets:					
Capital assets:					
Land	2,097,901	317,856	-	2,415,757	-
Construction in-progress	7,363,934	-	-	7,363,934	-
Buildings	13,902,466	108,187	-	14,010,653	254,893
Improvements other than buildings	37,644,044	133,808	-	37,777,852	49,726
Machinery and equipment	4,719,853	980,933	334,274	6,035,060	6,879,349
Right-to-use leased equipment	-	-	-	-	740,165
Less accumulated depreciation	(36,052,634)	(914,363)	(280,137)	(37,247,134)	(5,583,086)
Total capital assets (net of accumulated depreciation)	29,675,564	626,421	54,137	30,356,122	2,341,047
Total assets	45,100,828	1,266,656	264,585	46,632,069	4,518,478
Deferred Outflows of Resources					
Pension Plans	697,849	86,340	3,611,444	4,395,633	282,878
OPEB	2,478	2,650	4	5,132	1,320
Total deferred outflows of resources	700,327	88,990	3,611,448	4,400,765	284,198
Liabilities					
Current Liabilities:					
Accounts payable	115,035	93,717	20,809	229,561	102,558
Retainage payable	129,189	-	-	129,189	-
Customer security deposits	467,753	-	-	467,753	-
Due to other funds	45,842	16,056	15,186	77,084	-
Accrued liabilities	38,353	531	8,644	47,528	10,373
Compensated absences-Current	4,935	1,021	14,909	20,865	3,577
Lease payable	-	-	-	-	153,035
Bond obligations-Current	1,994,279	-	-	1,994,279	-
Total current liabilities	2,795,386	111,325	59,548	2,966,259	269,543
Noncurrent liabilities:					
Compensated absences	44,413	9,188	134,184	187,785	32,191
Net pension liability	1,518,129	394,982	7,125,709	9,038,820	617,296
OPEB liability	85,251	29,585	3,004	117,840	36,110
Landfill post-closure	-	340,915	-	340,915	-
Lease payable	-	-	-	-	156,830
Bond obligations	9,397,579	-	-	9,397,579	-
Total noncurrent liabilities	11,045,372	774,670	7,262,897	19,082,939	842,427
Total liabilities	13,840,758	885,995	7,322,445	22,049,198	1,111,970
Deferred Inflows of Resources					
Pension Plans	-	-	139,046	139,046	-
OPEB	22,463	4,165	980	27,608	9,547
Total deferred inflows of resources	22,463	4,165	140,026	166,654	9,547
Net Position					
Net investment in capital assets	22,446,749	626,421	54,137	23,127,307	2,031,182
Restricted for debt service	660,017	-	-	660,017	150,247
Restricted for capital improvements	32,649	-	-	32,649	-
Unrestricted	8,798,519	(160,935)	(3,640,575)	4,997,009	1,499,730
Total net position	\$ 31,937,934	\$ 465,486	\$ (3,586,438)	\$ 28,816,982	\$ 3,681,159

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

CITY OF SWEETWATER, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 6,106,575	\$ -	\$ -	\$ 6,106,575	\$ -
Sewer charges	2,854,775	-	-	2,854,775	-
Delinquent penalties	131,908	-	-	131,908	-
Water and sewer taps	18,056	-	-	18,056	-
Intergovernmental	-	-	808,047	808,047	-
Other charges for services	-	1,504,154	676,548	2,180,702	4,250,103
Other revenue	-	148,914	-	148,914	24,711
Total operating income	<u>9,111,314</u>	<u>1,653,068</u>	<u>1,484,595</u>	<u>12,248,977</u>	<u>4,274,814</u>
Operating expenses:					
Personal services	2,163,395	331,953	2,324,635	4,819,983	878,885
Supplies	697,107	96,816	322,459	1,116,382	47,681
Other services and charges	3,287,566	1,381,383	539,641	5,208,590	2,808,064
Depreciation	1,709,399	35,003	13,909	1,758,311	452,825
Total operating expenses	<u>7,857,467</u>	<u>1,845,155</u>	<u>3,200,644</u>	<u>12,903,266</u>	<u>4,187,455</u>
Operating income (loss)	<u>1,253,847</u>	<u>(192,087)</u>	<u>(1,716,049)</u>	<u>(654,289)</u>	<u>87,359</u>
Nonoperating revenues (expenses):					
Interest income	484,902	12,318	3,378	500,598	60,304
Rents and royalties	253,257	-	-	253,257	-
Intergovernmental	2,800,124	-	-	2,800,124	-
Miscellaneous income	48,993	16,742	2,803	68,538	-
Loss on disposal of property	-	-	-	-	-
Interest expense	(127,019)	-	(308)	(127,327)	(8,172)
Total nonoperating revenue (expense)	<u>3,460,257</u>	<u>29,060</u>	<u>5,873</u>	<u>3,495,190</u>	<u>52,132</u>
Net income (loss) before capital contributions and transfers	4,714,104	(163,027)	(1,710,176)	2,840,901	139,491
Transfers in	-	261,500	758,600	1,020,100	-
Transfers out	(1,227,500)	(87,616)	-	(1,315,116)	-
Change in net position	<u>3,486,604</u>	<u>10,857</u>	<u>(951,576)</u>	<u>2,545,885</u>	<u>139,491</u>
Total net position - beginning	<u>28,451,330</u>	<u>454,629</u>	<u>(2,634,862)</u>	<u>26,271,097</u>	<u>3,541,668</u>
Total net position - ending	<u>\$ 31,937,934</u>	<u>\$ 465,486</u>	<u>\$ (3,586,438)</u>	<u>\$ 28,816,982</u>	<u>\$ 3,681,159</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Cash Flows Proprietary Funds For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 8,659,882	\$ 1,642,629	\$ 1,461,343	\$ 11,763,854	\$ 442,631
Receipts from interfund services provided	-	-	-	-	3,820,495
Payments to suppliers	(6,164,480)	(1,462,805)	(853,738)	(8,481,023)	(1,074,457)
Payments for claims	-	-	-	-	(1,835,731)
Payments to employees	(2,068,194)	(389,201)	(1,398,391)	(3,855,786)	(864,502)
Net cash provided by operating activities	<u>427,208</u>	<u>(209,377)</u>	<u>(790,786)</u>	<u>(572,955)</u>	<u>488,436</u>
Cash Flows From Noncapital Financing Activities					
Rents and royalties	253,257	-	-	253,257	-
Intergovernmental	2,800,124	-	-	2,800,124	-
Miscellaneous revenue	48,993	16,742	2,803	68,538	-
Transfers in	-	261,500	758,600	1,020,100	-
Transfers out	(1,227,500)	(87,616)	-	(1,315,116)	-
Net cash provided (used) by noncapital financing activities	<u>1,874,874</u>	<u>190,626</u>	<u>761,403</u>	<u>2,826,903</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(4,692,254)	(13,400)	-	(4,705,654)	(763,096)
Principal paid on capital obligations	(1,853,000)	-	(4,699)	(1,857,699)	(149,331)
Interest and paying agent fees	(222,298)	-	(308)	(222,606)	(8,172)
Net cash provided (used) by capital and related financing activities	<u>(6,767,552)</u>	<u>(13,400)</u>	<u>(5,007)</u>	<u>(6,785,959)</u>	<u>(920,599)</u>
Cash Flows From Investing Activities					
Interest and dividends received	<u>484,902</u>	<u>12,318</u>	<u>3,378</u>	<u>500,598</u>	<u>60,304</u>
Net cash provided (used) by investing activities	<u>484,902</u>	<u>12,318</u>	<u>3,378</u>	<u>500,598</u>	<u>60,304</u>
Net increase (decrease) in cash and cash equivalents	(3,980,568)	(19,833)	(31,012)	(4,031,413)	(371,859)
Cash and cash equivalents at beginning of year	17,199,338	457,272	31,692	17,688,302	2,304,825
Cash and cash equivalents at end of year	<u>\$ 13,218,770</u>	<u>\$ 437,439</u>	<u>\$ 680</u>	<u>\$ 13,656,889</u>	<u>\$ 1,932,966</u>
As reported on balance sheet:					
Cash	\$ 8,363,061	\$ 437,439	\$ 680	\$ 8,801,180	\$ 1,782,719
Restricted Cash	4,855,709	-	-	4,855,709	150,247
Total cash and cash equivalents at end of year	<u>\$ 13,218,770</u>	<u>\$ 437,439</u>	<u>\$ 680</u>	<u>\$ 13,656,889</u>	<u>\$ 1,932,966</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	1,253,847	(192,087)	(1,716,049)	(654,289)	87,359
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,709,399	35,003	13,909	1,758,311	452,825
(Increase) decrease in accounts receivable	(459,598)	(10,439)	(7,327)	(477,364)	-
(Increase) in due from other governments	-	-	(15,925)	(15,925)	113
(Increase) in due from other funds	-	-	-	-	(11,688)
(Increase) in other assets	-	-	308	308	-
(Increase) decrease in inventories	(92,975)	-	-	(92,975)	31,721
(Increase) decrease in deferred outflows of resources	(519,596)	(55,448)	(3,170,705)	(3,745,749)	(207,076)
Increase (decrease) in accounts payable	(86,896)	(7,648)	9,181	(85,363)	(86,277)
Increase (decrease) in retainage payable	129,189	-	-	-	-
Increase (decrease) in accrued liabilities	7,400	531	8,644	16,575	514
Increase (decrease) in customer deposits	8,166	-	-	8,166	-
Increase (decrease) in compensated absences	(2,536)	(1,027)	8,821	5,258	4,728
Increase (decrease) in unearned revenue	(2,135,476)	-	-	(2,135,476)	-
Increase (decrease) in net pension liability	1,081,044	122,951	4,387,221	5,591,216	432,678
Increase (decrease) in total OPEB liability	(33,626)	(3,817)	(1,513)	(38,956)	(13,447)
Increase (decrease) in landfill post-closure	-	22,303	-	22,303	-
Increase (decrease) in due to other funds	6,351	739	(1,127)	5,963	-
Increase (decrease) in deferred inflows of resources	(437,485)	(120,438)	(306,224)	(864,147)	(203,014)
Total adjustments	<u>(826,639)</u>	<u>(17,290)</u>	<u>925,263</u>	<u>(47,855)</u>	<u>401,077</u>
Net cash provided by operating activities	<u>\$ 427,208</u>	<u>\$ (209,377)</u>	<u>\$ (790,786)</u>	<u>\$ (702,144)</u>	<u>\$ 488,436</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Fiduciary Net Position Fiduciary Funds September 30, 2023

	Pension Trust Fund	Custodial Funds Evidence Funds
Assets		
Cash and cash equivalents	\$ 278,731	\$ 23,557
Investments		
Westwood large cap value equity fund	832,774	-
JOHCM International Select I	-	-
Baron Emerging Markets Fund	250,130	-
Westwood all cap growth fund	892,780	-
iShares Core MSCI Emerging Markets	329,232	-
Westwood smid cap value equity fund	246,799	-
Westwood small cap value equity fund	409,683	-
Westwood small cap growth fund	145,909	-
Vanguard FTSE Developed Markets	423,897	-
Vanguard Scottsdal Russell 2000	229,517	-
Westwood core investment grade bond fund	1,591,547	-
Westwood high income bond fund	659,439	-
Westwood total return fund	819,137	-
Westwood alternative income fund	452,757	-
Westwood income opportunity fund	737,573	-
Contributions receivable	26,365	-
	<hr/>	<hr/>
Total assets	8,326,272	23,557
	<hr/>	<hr/>
Liabilities		
Accounts payable	12,210	-
Payable to participants	92,449	-
	<hr/>	<hr/>
Total liabilities	104,659	-
	<hr/>	<hr/>
Net Position		
Restricted for:		
Individuals and organizations	-	23,557
Defined benefit pension plan	8,221,613	-
	<hr/>	<hr/>
Total net position	\$ 8,221,613	\$ 23,557
	<hr/>	<hr/>

CITY OF SWEETWATER, TEXAS

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended September 30, 2023

	Pension Trust Fund	Custodial Funds Evidence Funds
Additions		
Contributions		
Employer - defined benefit plan	\$ 334,598	\$ -
Employees - defined benefit plan	316,010	-
Funds received as evidence	-	115
	<u>650,608</u>	<u>115</u>
Investment income		
Net appreciation in fair value of investments	(1,758,314)	-
Interest and dividends	292,053	465
Less: investment expenses	(51,886)	-
	<u>(1,518,147)</u>	<u>465</u>
Net investment income	<u>(1,518,147)</u>	<u>465</u>
Total Additions	<u>(867,539)</u>	<u>580</u>
Deductions		
Benefits and refunds paid directly to participants	1,102,890	-
Benefits paid to individuals	-	-
Administrative expenses	36,673	-
	<u>1,139,562</u>	<u>-</u>
Total Deductions	<u>1,139,562</u>	<u>-</u>
Change in net position	(2,007,101)	580
Net position - beginning	10,228,714	22,977
Net position - ending	<u>\$ 8,221,613</u>	<u>\$ 23,557</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2023

(1) Summary of Significant Accounting Policies

A. General Statement

The City of Sweetwater, Texas, is a municipal corporation incorporated under Article IX, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The enabling legislation for home rule cities is Article 1175 V.A.T.C.S. The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance welfare, health, morale, comfort, safety, and convenience of the City and its inhabitants.

B. Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations.

Discretely presented component unit. The Sweetwater Enterprise for Economic Development – Municipal Development District (SEED-MDD) is a legally separate nonprofit corporation. It is a political subdivision of the State of Texas and the City, created in accordance with Chapter 377 of the Texas Local Government Code, as amended (the "Act"), and other applicable laws. SEED-MDD was created for the purpose of developing and financing all development projects as that term is defined in Section 377.001(3) of the ACT, as amended (a "Development Project"). The City appoints a voting majority of the organization's board. The City is able to impose its will on the organization and SEED-MDD has the potential to impose a financial benefit/burden on the City.

Condensed statements of the discretely presented component units are shown on the Statement of Net Position and the Statement of Activities in separate component unit columns.

Financial statements for SEED-MDD may be obtained by writing the City's finance office in City Hall at 200 East 4th Street, Sweetwater, Texas 79556.

Fiduciary Component Unit. The Sweetwater Firemen's Relief and Retirement Fund (the "Fund") is established and controlled through various State of Texas legislative enactments. The Fund is administered locally by a seven-member Board of Trustees, composed of three members elected from and by the fund members, two representatives of the City of Sweetwater, Texas, and two citizen members. The Board of Trustees are subject to the administrative supervision of and report to the Texas Pension Review Board. The Pension Fund is funded by contributions from firefighters and the City. Title to assets is vested in the fund and not the City. There is a fiscal dependency on the City, and there is a potential that exclusion would result in misleading financial reporting.

Related Organizations. The Housing Authority of the City of Sweetwater, Texas (the Authority), created October 10, 1949, is a political sub-division of the State of Texas pursuant to the Constitution and laws of the State of Texas, particularly the Housing Authorities Law, and Texas Civil Statutes (now codified as Chapter 392 of the Local Government Code.) The Authority was authorized by a duly adopted and proper resolution of the City of Sweetwater City Council to transact business and exercise its powers under the Housing Authorities Law. The purpose of the Authority is to, among other things, undertake activities, including the construction, maintenance, or operation of decent, safe, and sanitary housing for persons of low income in the City of Sweetwater, Texas. The Authority was also organized to administer and receive grant funds from the U.S. Department of Housing and Urban Development (HUD) for the benefit of these low-income persons. The Authority, through its component unit the Sweetwater Housing Development Corporation (SHDC) can issue revenue bonds for the construction of Section 8 housing. The component unit SHDC shares the same governing board. The powers of the Authority are vested in the commissioners of the Authority, who are appointed by the City Council. However, the City is not financially accountable for the Authority, because the Authority's operations are subsidized by the federal government, it sets its own budget subject to federal approval, sets its rental rate, and it can issue debt in its own name. The City is not responsible for deficits or liabilities of the Authority or its component unit, SHDC. The operations of the Authority are not a part of the City and thus are

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

excluded from the accompanying financial statements.

The City Council is responsible for appointing some members to various other boards of organizations, but the City's accountability for those organizations does not extend beyond making the appointments.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of Interfund activity 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, intergovernmental revenues, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following nonmajor governmental funds:

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or funds with restrictions imposed by the governing body.

The government reports the following major proprietary fund:

The *water and wastewater fund* accounts for the activities of the City. The City of Sweetwater supplies water to city residents, some smaller municipalities, and a non-profit corporation; disposal of wastewater is primarily limited to the citizens of Sweetwater.

The *solid waste management* fund provides solid waste collection and disposal within the City.

The *ambulance* fund provides emergency medical services for all of Nolan County.

The government reports the following non-major proprietary fund types:

Internal service funds account for central garage and stores, information technology services performed for other departments, as well as employee benefits provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The government reports the following fiduciary funds:

Pension Trust Fund is used to account for the assets held in trust for members and beneficiaries of the Sweetwater Firefighter's Relief and Retirement Fund.

Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governmental units. Custodial funds include evidence funds that the police department holds for individuals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's general fund and the private purpose trust fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

E. Budgetary Control

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. Governmental funds with legally adopted budgets are the General Operating fund, Senior Nutrition Activities Program, Hotel and Motel fund, and the Cemetery Perpetual Care fund.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance Publication and after the first Monday in September.

Prior to October 1, the budget is legally adopted or is amended by the City Council on a basis consistent with generally accepted accounting principles. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

There was one amendment approved this past year and it is material in relation to the original appropriations which were adopted. This amendment increased revenue by \$221,731 and increased expenditures by \$693,552 in the general fund. The revenue accounts were increased for an additional operating grant and contributions in the amount of \$221,731. The main departments with expenditure increases were the code enforcement department for additional contracted services and costs associated with demolition of dilapidated properties. There were also non-departmental expenditure increases for insurance and transfers to support losses in SNAP and EMS. The water and wastewater fund had a water line project which necessitated adding revenue of \$664,648 in SEED-MDD contributions and expenditures for engineering and other construction related costs of \$860,000. CSLFRF grant expenditures were added to the adopted budget in the amount of \$3,290,010. This same budget amendment increased additional line items of revenues and expenditures in these, as well as other funds, but these additions were not material in relation to the original appropriations which were adopted.

F. Cash and Investments

Cash of all funds, including restricted cash, but excluding the payroll fund, employee benefit, SEED-MDD, drug enforcement, debt service funds, and construction funds are pooled into one common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account has an equity interest therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements.

For purposes of the statement of cash flows, the Enterprise and Internal Service Funds consider all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Investments – Sweetwater Firemen's Relief and Retirement Fund

Investments are valued at fair value and consist of money market funds, mutual funds, common trust funds, and securities traded on a national exchange. Investments are valued at the last reported sales price. Net appreciation (depreciation) in fair value of investments includes net unrealized appreciation (depreciation) of investments and net realized gains (losses) on the sale of investments during the period.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

G. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories are controlled and reported by an Internal Service Fund as well as the Water and Wastewater Fund. Most purchases, other than water and wastewater purchases, are recorded as inventory in the Internal Service Fund, and are recorded as an expenditure or expense in the appropriate fund when issued. The Internal Service Fund is then reimbursed through an interfund transfer.

Airport fuel is recorded using the purchases method through the general fund. Inventories still on hand at year-end are recorded in the years the amount is considered significant.

I. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds".

J. Restricted Assets

The City has funds with the following restricted cash and cash equivalents:

General Fund	\$ 405,782
Internal Service Fund	\$ 150,247
Water and Wastewater Fund	\$ 4,855,709

Monies received from a state issued franchise, which includes a one-percent fee are restricted for capital costs related to public, educational, and governmental (PEG) channels. These funds were \$227,028 at year-end. The general fund has restricted funds for local court costs in the amount of \$12,661. The general fund has donor designated funds of \$166,093 for the police, fire, parks and animal control departments. Certain resources set aside for enterprise fund and internal service fund debt repayment, are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable debt covenants. This restricted cash balance in the enterprise funds was \$660,017 at year-end, and \$150,247 in the internal service fund. The City has funds restricted for construction from their 2021 bond issues in the amount of \$4,195,692. These funds will be used for improvements to the City's water and waterworks systems.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	3 – 5
Machinery and Equipment	6 – 30
Buildings	40 – 60
Improvements	27.5 – 60

L. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is not liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and each governmental fund will liquidate their obligation.

M. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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. The same is true for the Sweetwater Firemen's Relief and Retirement Fund (FRR). 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. Each fund is responsible for liquidating their share of net pension liability.

Total OPEB Liability

For purposes of measuring Total OPEB Liability (TOL) and deferred outflows of resources and OPEB expense have been determined on the same basis as they are reported by TMRS. The City reports as a member municipality of the Supplemental Death Benefit Fund (SDBF).

N. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has two items that qualify for reporting in this category; the deferred outflow related to pension and the deferred outflow related to OPEB. Both of these are reported in the government-wide Statement of Net Position, Proprietary fund financial statements, and Internal Service fund financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify as deferred inflows of resources. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second is the deferred inflow related to pensions reported in the government-wide Statement of Net Position, Proprietary fund financial statements, and Internal Service fund financial statements.

The components of the City's deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business Activities				Total Primary Government
		Water and Wastewater	Solid Waste Management	Ambulance	Total	
Deferred Outflows of Resources:						
Pension activities TMRS	\$ 2,552,889	\$ 697,849	\$ 86,340	\$ 30,805	\$ 814,994	\$ 3,367,883
Pension activities FRR	4,582,441	-	-	3,580,639	3,580,639	8,163,080
OPEB activities	4,577	2,478	2,650	4	5,132	9,709
Total Deferred Outflows of Resources	\$ 7,139,907	\$ 700,327	\$ 88,990	\$ 3,611,448	\$ 4,400,765	\$ 11,540,672
Deferred Inflows of Resources:						
Pension activities TMRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension activities FRR	185,323	-	-	139,046	139,046	324,369
OPEB activities	80,130	22,463	4,165	980	27,608	107,738
Total Deferred Inflows of Resources	\$ 265,453	\$ 22,463	\$ 4,165	\$ 140,026	\$ 166,654	\$ 432,107

O. Payments Between the City and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses.

P. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

Unassigned - all other spendable amounts. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

As of September 30, 2023, fund balances are composed of the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Non-spendable:			
Inventories	\$ 16,950	\$ -	\$ 16,950
Restricted:			
PEG capital costs	227,028	-	227,028
Court costs	12,661	-	12,661
Public works	6,192	-	6,192
Culture and recreation	159,901	-	159,901
Opioid remediation	-	21,424	21,424
Drug enforcement	-	2,673	2,673
Senior nutrition program	-	7,869	7,869
Committed:			
Property abatement	92,607	-	92,607
Cemetery care	-	1,418,630	1,418,630
Unassigned Fund Balances	<u>3,174,709</u>	<u>-</u>	<u>3,174,709</u>
Total Fund Balances	<u>\$ 3,690,048</u>	<u>\$ 1,450,596</u>	<u>\$ 5,140,644</u>

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

Q. Minimum Fund Balance Policy

The General Fund unrestricted fund balance should be at least 25% of the General Fund annual expenditures. This percentage is the equivalent of 92 days expenditures. The circumstances in which the unrestricted balance can be "spent down" include unforeseen revenue shortfalls, unpredicted one-time expenditures or a deliberate spending of accumulated funds in the Committed or Assigned fund balance categories. The balances would be replenished with budgetary measures in the following fiscal year as appropriate.

R. Net Position

In the government-wide financial statements and proprietary fund financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restriction imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net position of the primary government reported restricted net position of \$1,280,661, of which \$261,113 of net position is restricted by enabling legislation.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

(2) Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits:

At September 30, 2023, the City's deposits were fully secured at year-end as required by the state statutes. The deposits of the component unit were fully secured by Federal Depository Insurance and pledged assets. At year-end, the carrying amount of the City's deposits totaled \$20,777,933 and its component unit's carrying amount of deposits totaled \$7,139,159. The respective bank balances totaled \$21,199,897 and \$7,142,661. The Ambulance Fund had \$6,515 in overdrawn funds reclassified to a liability account in accordance with GAAP.

Of the City's First Financial Bank balances of \$17,015,890, \$250,000 was covered by Federal Depository Insurance and pledged collateral with a market value of \$20,556,099. The City's other funds of \$4,184,007 are bond escrow funds held by BOK Financial. The component unit's bank balances were fully covered by Federal Depository Insurance in the amount of \$250,000 with the balance covered by pledged securities. The collateral is held by First Financial Bank of Abilene, Texas. All collateral is in the City's or SEED-MDD's name under a joint safekeeping agreement with Frost National Bank.

The carrying amounts of the deposits as of September 30, 2023 is reported in the financial statements as follows:

Government-wide Statement of Net Position	
Governmental Activities unrestricted	\$6,541,458
Governmental Activities restricted	556,029
Business-type Activities unrestricted	8,801,180
Business-type Activities restricted	4,855,709
Fiduciary Funds Statement of Net Position	
Custodial Funds – Evidence funds	23,557
Total carrying amount of deposits	<u>\$20,777,933</u>

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies. The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

The City did not have any investments at September 30, 2023.

(3) Receivables

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

	General Fund	Water Wastewater Fund	Solid Waste Management	Ambulance Fund	Total
Receivables:					
Accounts	\$ 15,199	\$1,779,768	\$ 240,045	\$ 225,337	\$ 2,260,349
Taxes	709,784	-	-	-	709,784
Gross Receivables	724,983	1,779,768	240,045	225,337	2,970,133
Less: allowance for uncollectibles	(20,560)	(144,849)	(37,249)	(130,811)	(333,469)
Net total receivables	\$ 704,423	\$1,634,919	\$ 202,796	\$ 94,526	\$ 2,636,664

Intergovernmental receivables are classified separately in the accompanying financial statements. All significant receivables are expected to be collected within one year.

(4) Capital Assets

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

Primary Government	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 178,332	\$ -	\$ -	\$ 178,332
Construction in-progress	-	-	-	-
Total capital assets, not being depreciated:	178,332	-	-	178,332
Capital assets, being depreciated:				
Buildings	7,761,003	122,190	-	7,883,193
Improvements other than buildings	10,065,080	118,307	-	10,183,388
Machinery and equipment	8,832,799	749,491	-	9,582,290
Right-to-use leased equipment	1,107,374	-	-	1,107,374
Total capital assets being depreciated	27,766,257	989,988	-	28,756,245
Less accumulated depreciation for:				
Buildings	(4,508,173)	(284,538)	-	(4,792,711)
Improvements other than buildings	(6,680,569)	(469,696)	-	(7,150,265)
Machinery and equipment	(6,618,462)	(588,988)	-	(7,207,450)
Right-to-use leased equipment	(213,980)	(147,458)	-	(361,438)
Total accumulated depreciation	(18,021,184)	(1,490,680)	-	(19,511,864)
Total capital assets, being depreciated, net	9,745,073	(500,692)	-	9,244,381
Governmental activities capital assets, net	\$ 9,923,405	\$ (500,692)	\$ -	\$ 9,422,713

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,415,757	\$ -	\$ -	\$ 2,415,757
Construction in-progress	3,153,551	4,210,382	-	7,363,933
Total capital assets, not being depreciated	<u>5,569,308</u>	<u>4,210,382</u>	<u>-</u>	<u>9,779,690</u>
Capital assets, being depreciated:				
Buildings and system	14,010,653	-	-	14,010,653
Improvements other than buildings	37,464,903	312,949	-	37,777,853
Machinery and equipment	5,852,738	182,323	-	6,035,060
Total capital assets being depreciated	<u>57,328,294</u>	<u>495,272</u>	<u>-</u>	<u>57,823,566</u>
Less accumulated depreciation for:				
Buildings and system	(8,325,395)	(371,261)	-	(8,696,656)
Improvements other than buildings	(21,910,007)	(1,261,792)	-	(23,171,799)
Machinery and equipment	(5,253,421)	(125,258)	-	(5,378,679)
Total accumulated depreciation	<u>(35,488,823)</u>	<u>(1,758,311)</u>	<u>-</u>	<u>(37,247,134)</u>
Total capital assets, being depreciated, net	<u>21,839,471</u>	<u>(1,263,039)</u>	<u>-</u>	<u>20,576,432</u>
Business-type activities capital assets, net	<u>\$ 27,408,779</u>	<u>\$ 2,947,343</u>	<u>\$ -</u>	<u>\$ 30,356,122</u>

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

Governmental activities:	
General government	\$ 32,748
Public safety	490,848
Public works	14,830
Culture and recreation	112,860
Community services	23,253
Airport	363,316
Internal Service	452,825
Total depreciation expense – governmental activities	<u>\$1,490,680</u>
Business-type activities:	
Water and Wastewater	\$1,709,399
Solid waste management	35,003
Ambulance	13,909
Total depreciation expense – business-type activities	<u>\$1,758,311</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Discretely Presented Component Unit

Activity for SEED-MDD for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 305,439	\$ -	\$ (305,439)	\$ -
Total capital assets, not being depreciated	305,439	-	(305,439)	-
Capital assets, being depreciated:				
Machinery and equipment	-	-	-	-
Total capital assets being depreciated	-	-	-	-
Less accumulated depreciation for:				
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Total capital assets, being depreciated, net	-	-	-	-
SEED-MDD capital assets, net	\$ 305,439	\$ -	\$ (305,439)	\$ -

(5) Leases

At September 30, 2023, leases payable consisted of the following:

Governmental Activities:

US Bank lease payable, dated November 2019 for the acquisition and use of internal service equipment in the amount of \$747,105 for five years due in annual installments through November 2024, bearing an interest rate of 2.48%. The City will acquire the equipment at the end of the lease. Right-to-use leased equipment under leases in capital assets is \$740,165 with accumulated depreciation of \$234,331. Amortization of this leased equipment is included in depreciation in the internal service fund.

Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 153,035	\$ 7,684	\$ 160,719
2025	156,830	3,889	160,719
	<u>\$ 309,865</u>	<u>\$ 11,573</u>	<u>\$ 321,438</u>

Axon lease payable, dated March 10, 2022 for the acquisition and use of police taser equipment. An initial lease liability of \$222,486 was recorded last fiscal year. There was no interest rate specified in the original lease agreement. The City has used the City's effective interest for borrowings, which is 3.25%. Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 41,697	\$ 5,691	\$ 47,388
2025	43,053	4,335	47,388
2026	44,452	2,936	47,388
2027	45,896	1,492	47,388
	<u>\$ 175,098</u>	<u>\$ 14,454</u>	<u>\$ 189,552</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Axon lease payable, dated January 15, 2020 for the acquisition and use of police fleet camera equipment. An initial lease liability of \$144,723 would have been recorded in fiscal year 2020. There was no interest rate specified in the original lease agreement. The City has used the City's effective interest for borrowings, which is 3.25%. Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 25,395	\$ 2,470	\$ 27,865
2025	26,600	1,265	27,865
	<u>\$ 51,995</u>	<u>\$ 3,735</u>	<u>\$ 55,730</u>

Right-to-use leased equipment under these two police department leases included in capital assets is \$367,209 with accumulated depreciation of \$103,113. Amortization of this leased equipment is included in depreciation in public safety depreciation on the government wide statements. Both Axon leases were under re-negotiation as of September 30, 2023 and no payments were made in the fiscal year ending 2023 as was negotiated by both parties.

(5) Long-Term Obligations

At September 30, 2023, notes payable, and bonds payable consisted of the following:

Business-Type Activities:

2014 Combination Tax & Surplus Revenue Certificates of Obligation, dated January 1, 2014 for \$1,935,000 due in annual installments through August 15, 2033, bearing interest rates of 0% to 2.78%.	1,080,000
2015 Combination Tax & Revenue Refunding Bonds, dated May 1, 2015 for \$8,480,000 due in annual installments through August 15, 2025, bearing interest rates of 2% to 3.5%.	2,720,000
2016 Combination Tax & Revenue Certificates of Obligation, dated July 15, 2016 for \$5,000,000 due in annual installments through August 15, 2036, bearing interest rates of 0% to 0.8%.	3,285,000
2021A Combination Tax and Surplus Revenue Certificates of Obligation, Dated May 1, 2021 for \$2,187,000 due in annual installments through August 15, 2041, bearing interest rates of .6% to 1.44%.	1,981,000
2021B Combination Tax and Surplus Revenue Certificates of Obligation, Dated May 1, 2021 for \$2,400,000 due in annual installments through August 15, 2041, bearing interest rates of .60% to 1.69%.	<u>2,175,000</u>
Total Bonds Payable	<u>\$ 11,241,000</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Annual requirements to retire the bonds and related interest are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 1,899,000	\$ 173,410	\$ 2,072,410
2025	1,950,000	123,421	2,073,421
2026	570,000	71,305	641,305
2027	576,000	67,265	643,265
2028	577,000	62,650	639,650
2029 - 2033	2,973,000	233,546	3,206,546
2034 - 2038	1,956,000	105,585	2,061,585
2039 - 2041	740,000	22,395	762,395
	<u>\$11,241,000</u>	<u>\$ 859,577</u>	<u>\$12,100,577</u>

All five bond issues constitute direct obligations of the City secured by a pledge of ad valorem taxes levied against all taxable property located within the City, within the limits prescribed by law. The Certificates are additionally secured by a first lien pledge of the Net Revenues of the Water and Wastewater System. If the City has sufficient surplus revenues set aside and available in advance of the time when ad valorem taxes are scheduled to be levied for any year, they have the option of reducing the required tax levy required to be deposited in the interest and sinking fund. The City has chosen to set aside adequate surplus water revenues, thus reducing the required ad valorem tax requirement to zero. The City has not adopted an interest and sinking tax rate and considers all debt to be enterprise fund debt to be repaid by enterprise fund revenue. Net Revenues consist of the gross revenues of the system less the expenses of operation and maintenance of the system to render adequate service to the users.

The City is in compliance with all significant financial requirements as of September 30, 2023.

Changes in Outstanding Obligations

Transactions for the year ended September 30, 2023 are summarized as follows:

	Balance September 30, 2022	New Issue or Additions	Payments or Expenditures	Balance September 30, 2023	Due Within One Year
Governmental Activities					
Leases	\$ 686,289	\$ -	\$ 149,331	\$ 536,958	\$ 216,423
Net pension liability	3,641,980	9,667,595	-	13,309,575	-
Total OPEB liability	390,135	-	121,746	268,389	-
Compensated Absences	684,103	100,501	11,837	772,767	77,277
Total Governmental Activities	<u>\$ 5,402,507</u>	<u>\$ 9,768,096</u>	<u>\$ 282,914</u>	<u>\$ 14,887,689</u>	<u>\$ 293,700</u>
Business-type Activities					
General Obligation Bonds	4,015,000	-	1,295,000	2,720,000	1,335,000
Certificates of Obligation	9,079,000	-	558,000	8,521,000	564,000
Bond premium	246,137	-	95,279	150,858	95,279
Total bonds payable	<u>13,340,137</u>	<u>-</u>	<u>1,948,279</u>	<u>11,391,858</u>	<u>1,994,279</u>
Landfill post-closure	318,612	22,303	-	340,915	-
Net pension liability	3,447,604	5,591,216	-	9,038,820	-
Total OPEB liability	156,796	-	38,956	117,840	-
Notes payable	4,699	-	4,699	-	-
Compensated Absences	203,392	8,822	3,564	208,650	20,865
Total Business-type Activities	<u>\$17,471,240</u>	<u>\$ 5,622,341</u>	<u>\$ 1,995,498</u>	<u>\$ 21,098,083</u>	<u>\$ 2,015,144</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Compensated absences and net pension liability that pertain to internal service employees will be liquidated by Central Garage and Stores fund. For the other governmental activities, compensated absences and net pension liabilities are mainly liquidated by the general fund.

Restricted Asset Account for Debt

Below is a summary of the business-type restricted asset account for debt:

Bond Accrued Interest Payable	\$ 24,230
Current Maturities of Bonds	<u>635,787</u>
Total Interest and Sinking Fund	<u>\$ 660,017</u>

Direct Interest

The bonds listed in note (5) were issued for the creation or continuing existence of specific programs for the City's water and wastewater system. Interest on those bonds is reported in the water and wastewater fund as direct expenses on the Statement of Activities.

(6) Net Investment in Capital Assets

Net investment in capital assets is composed of the following:

	<u>Capital Assets - Net</u>	<u>Related Debt</u>	<u>Unspent Debt Proceeds</u>	<u>Total</u>
Governmental Activities	\$ 9,422,712	\$ 536,957	\$ -	\$ 8,885,755
Business-type Activities:				
Water and Wastewater Fund	29,675,564	11,391,858	4,163,043	22,446,749
Solid Waste Management	626,421	-	-	626,421
Ambulance Fund	<u>54,137</u>	<u>-</u>	<u>-</u>	<u>54,137</u>
Total Business-type Activities	<u>\$ 30,356,122</u>	<u>\$ 11,391,858</u>	<u>\$ 4,163,043</u>	<u>\$ 23,127,307</u>

(7) Property Tax

The City's property tax is levied and becomes a lien each October 1, on 100 percent of assessed value listed for all real and personal property located in the City as of the prior January 1. Assessed values are established by the Nolan County Central Appraisal District and certified by the Board of Review.

The City is permitted by Article II, Section 5 of the State of Texas constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. Taxes are due on the levy date and are delinquent on January 31, following the October 1, levy date. Current tax collections for the year ended September 30, 2023 were 95 percent of the tax levy.

Property tax revenues are recognized when they become available. Available means collected within the current period and the amount expected to be collected soon after year-end to pay liabilities of the current period not to exceed 60 days. The amount of taxes collected in the balance of taxes receivable, net of allowance, is recorded as deferred revenue.

Beginning in 1982, the Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100 percent of its appraised market value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must be

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

reviewed every four years; however, the City may at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the effective tax rates, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the calculated tax rate of the previous year levy and the current year valuation.

(8) Employee Retirement Systems Texas Municipal Retirement System

Plan Description

The City participates as one of 928 member cities 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, Title 8, Subtitle G, 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 the System with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmrs.com. All eligible employees of the city are required to participate in TMRS.

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Vesting and Retirement Eligibility

TMRS members vest after 5 years of service. If a vested member leaves covered employment before reaching retirement eligibility, the member may leave his or her deposits with TMRS, earn interest on the deposits, and, upon reaching age 60, apply for and receive a monthly retirement payment. A member becomes eligible for service retirement based on various combinations of age and service, depending on which provisions have been adopted by the employing municipality. The City of Sweetwater has adopted a 5 yrs/age 60, 25 yrs/any age provision for their service retirement eligibilities.

Cost of Living adjustments

Cost-of-living adjustments are calculated at 1% for a recurring COLA and .95% for a No Recurring COLA.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>103</u>
Total	<u>242</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Contributions

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

Employees for the City of Sweetwater were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.18 % and 17.37% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$1,127,538 and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.5% 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 were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative)

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public & Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance at 12/31/2021	\$ 37,685,322	\$ 35,737,946	\$ 1,947,376
Changes for the year:			
Service cost	1,061,707	-	1,061,707
Interest	2,528,543	-	2,528,543
Changes in benefit terms including substantially automatic status	233,169	-	233,169
Difference between expected and actual experience	206,809		206,809
Changes in assumptions	-	-	-
Contributions – employer	-	1,022,091	(1,022,091)
Contributions – employee	-	442,115	(442,115)
Net investment income	-	(2,607,593)	2,607,593
Benefit payments, including refunds of employee contributions	(1,978,891)	(1,978,891)	-
Administrative expense	-	(22,575)	22,575
Other changes	-	26,938	(26,938)
Net changes	\$ 2,051,337	\$ (3,117,914)	\$ 5,169,251
Balance at 12/31/2022	\$ 39,736,659	\$ 32,620,032	\$ 7,116,627

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

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:

	Discount rate	Net pension liability
1% decrease	5.75%	\$ 12,378,847
Current discount rate	6.75%	\$ 7,116,627
1% increase	7.75%	\$ 2,797,394

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023 the city recognized pension expense of \$1,615,942. At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual economic experience	\$ 281,289	\$ -
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings	2,243,322	-
Contributions subsequent to the measurement date	843,272	-
Total	\$ 3,367,883	\$ -

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement dates of \$843,272 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the city's financial statements September 30, 2024).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year ending Dec 31:	
2023	\$ 251,542
2024	648,634
2025	620,455
2026	1,003,980
2027	-
Thereafter	-
Total	<u>\$ 2,524,611</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Other Post-Employment Benefits

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. Membership in the plan at December 31, 2022, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>103</u>
	<u>186</u>

The City's Total OPEB Liability (TOL), as of December 31, 2022 was calculated as follows:

	<u>Total OPEB Liability</u>
Total OPEB Liability – beginning of year	\$ 546,931
Changes for the year:	
Service cost	25,895
Interest on total OPEB liability	10,197
Changes in benefit terms	-
Differences between expected and actual experience	(12,120)
Changes in assumptions or other inputs	(173,305)
Benefit payments	<u>(11,369)</u>
Net changes	<u>(160,702)</u>
Total OPEB liability – end of year	<u>\$ 386,229</u>

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 on-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 to pre-fund retiree life insurance during employees' entire careers. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

CITY OF SWEETWATER, TEXAS

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The assumptions are summarized below:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Plan Year Ended	Total SDBF Contribution	Retiree Portion of SDBF Contribution
	Rate	Rate
2023	0.43%	0.20%
2022	0.30%	0.18%
2021	0.26%	0.14%
2020	0.24%	0.06%
2019	0.26%	0.07%

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

The following presents the Total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	Discount rate	Total OPEB liability
1% decrease	3.05%	\$ 453,418
Current discount rate	4.05%	\$ 386,229
1% increase	5.05%	\$ 332,756

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

The City's Total OPEB expense as of December 31, 2022 was calculated as follows:

Service cost	\$ 25,895
Interest on total OPEB liability	10,197
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(15,533)
Changes in assumptions or other inputs ¹	(14,258)
Total OPEB expense	<u>\$ 6,301</u>

¹. Generally, this will only be the annual change in the municipal bond index rate.

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2023 the city recognized OPEB expense of \$6,301. The City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,825
Changes in assumptions and other inputs	-	89,913
Contributions subsequent to the measurement date	9,709	-
Total	<u>\$ 9,709</u>	<u>\$ 107,738</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$9,709 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2023 (i.e. recognized in the city's financial statements September 30, 2024).

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year ending Dec 31:	Net deferred outflows (inflows) of resources
2023	\$ (19,067)
2024	(34,214)
2025	(42,737)
2026	(11,720)
2027	-
Thereafter	-
Total	<u>\$ (107,738)</u>

CITY OF SWEETWATER, TEXAS

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Sweetwater Firemen's Relief and Retirement Fund Plan Description

The Board of Trustees is the administrator of the Sweetwater Firemen's Relief and Retirement Fund, a single-employer defined benefit pension plan. The plan is an independent entity for financial reporting purposes. The city of Sweetwater, Texas is the only contributing employer. Members of the fund also contribute to the plan. The plan covers current and former fire fighters of the City of Sweetwater, Texas as well as certain beneficiaries of former fire fighters. The plan is open to new entrants. The plan's benefit provisions are established under the authority of the Texas Local Fire Fighters Retirement Act (TLFFRA). Specific plan provisions are governed by a plan document executed by the Board of Trustees. The fund was established November 3, 1941 and was most recently amended August 1, 2017. The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. The report is available by writing P.O. Box 450, Sweetwater, Texas 79556.

Authority for the Fund and Definitions

The Sweetwater Firemen's Relief and Retirement Fund is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund's members, two representatives of the City of Sweetwater, Texas, and two citizen members.

The City of Sweetwater contributes 18% of each member's total pay (including regular, longevity and overtime pay, but excluding lump sum distributions for unused sick leave, or vacation) and members contributed 17%.

Employee contributions are "picked up" by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a member's contributions are excluded from taxable income when paid into the fund.

Fund members receive credit for service for the period during which they pay into, and keep on deposit in the fund, the contributions required by the fund. Service is also granted for certain periods during which a member received disability benefits from the fund; however, service granted during periods of disability is limited to the amount of service, if any, needed to bring a member's service up to 20 years.

Retirement, death, disability, and termination benefits are calculated based upon a member's average monthly salary for the highest 3 years, of the 72 consecutive pay periods which will produce the highest average.

Eligibility

All active employees of the Fire Department of the City of Sweetwater, Texas, are members of the Sweetwater Firemen's Relief and Retirement Fund.

Service Retirement Benefits

A member is eligible for service retirement upon termination of credited service after completion of 20 years of service and attainment of age 50. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to the sum of a. and b., below, where:

- a. Members starting service before August 1, 2017 equals 3.95% of the member's high three-year average monthly salary multiplied by his years of service, not in excess of 20. Members starting service after August 1, 2017 equals 3.5% of the member's high five-year average monthly salary multiplied by his year of service, not in excess of 20, and
- b. Equals \$50.00 per month for each year of service in excess of 20.

CITY OF SWEETWATER, TEXAS

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Service retirement benefits are payable for the member's lifetime. In the event the member's death precedes that of his spouse, two-thirds of the member's pension will be continued to the spouse for her lifetime. A member may elect at the time of his retirement to receive a modified monthly amount payable for as long as either he or his spouse is living.

Disability Benefits

An active member who becomes disabled will receive a monthly disability benefit. Disability benefits are payable in the same form as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the fund. The application for continuing disability benefits must also be made in accordance with procedures adopted by the board of trustees.

Definition of Disability

For the first two and one-half years, the member need only be disabled to the extent of being unable to perform the duties of a position offered him in the fire department providing equal or greater pay. After two and one-half years, the member must be unable to perform the duties of any occupation for which he is reasonably suited by reason of education, training or experience.

Amount of Disability Benefit

The amount of monthly disability benefit payable under the fund will equal the sum of a. and b., below, where:

- a. Members service starting before August 1, 2017 equals 79.0% of the member's high three-year average monthly salary. Members service starting after August 1, 2017 equals 70.0% of the member's high five-year average monthly salary, and
- b. Equals the \$50.00 multiplied by his number of years of service in excess of 20.

A member's disability benefit will commence once his regular salary, including vacation and sick leave pay, has ceased. Disability benefits are payable in the same joint-and-survivor form as service retirement benefits. A member may elect at the time of his disability retirement to receive a modified monthly amount payable for as long as either he or his spouse is living.

If a disabled member receives workers' compensation benefits, Social Security benefits or a combination of these two benefits, the monthly disability benefit payable under the plan will be the lesser of (i) the disability benefit specified above or (ii) 100 percent of the member's average monthly compensation less the equivalent benefit received from workers' compensation and Social Security. For members whose service begins after August 1, 2017 the average changes to high five-year average monthly compensation.

Death Benefits

If a member whose service starts before August 1, 2017 dies while in active service, after completing at least 10 years of credited service, his widow will receive an immediate monthly benefit, payable for as long as she is living. The amount of the benefit will be equal to the sum of (i) a standard benefit equal to 52.67% of his average salary; plus (ii) two-thirds (2/3) of any additional service benefit the member had earned as of the date of his death.

If a member whose service starts after August 1, 2017 dies while in active service, after completing at least 10 years of credited service, his widow will receive an immediate monthly benefit, payable for as long as she is living. The amount of the benefit will be equal to the sum of (1) a standard benefit equal to 46.67% of his average salary; plus (ii) two-thirds (2/3) of any additional service benefit the member had earned as of the date of his death.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

If a member dies while in active service prior to completing at least 10 years of credited service, his widow will receive an immediate monthly benefit of \$100, payable for as long as she is living and does not remarry. In addition, such widow will receive a one-time payment of \$40,000.

In addition to the above widow's benefit, each unmarried child of the member will receive a monthly benefit of 10.53% of the fire fighter's high three-year average monthly salary and members service starting after August 1, 2017 the monthly benefit is 9.33% of the high five-year average monthly compensation. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. Orphan benefits are continued for life to disabled children.

The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefit such member had earned as of the date of his death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of his death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

Termination Benefits

Members with at Least Ten Years of Service

A fund member who terminates employment after completing at least 10 years of credited service, but prior to the date he becomes eligible for a service retirement benefit, will be entitled to receive a monthly benefit starting on the date he would have both completed 20 years of credited service and attained age 50. The amount the member will receive equals the monthly service retirement benefit he had accumulated on the date he separated from service.

Members with Less Than Ten Years of Service

A fund member who terminates employment prior to completing 10 years of service will be entitled to the return of the excess of his contributions to the fund over the amount of any benefits he has received from the fund. such refund will not include any interest on the member's contributions.

The DROP Option

A member is eligible to receive his benefit under the plan's DROP provision after he has both completed 23 years of service and attained age 53. The election to participate in the DROP may be made at the time the member elects to retire.

Amount of Monthly Retirement Income to DROP Program Participants

The monthly retirement income payable to a member who retires under the DROP will equal his service retirement benefit under the plan based on average monthly salary and years of service as of the member's DROP Eligibility Date. The member's benefit will be calculated, however, using the benefit formula in effect on the member's actual date of retirement.

A member's DROP Eligibility Date is the later of (a) the date the member meets the eligibility requirements for the DROP or (b) the date is two years prior to the member's actual retirement date. Upon retirement, the member will receive - in addition to his monthly retirement benefit - a single payment equal to the total of the monthly retirement benefits the member would have received between his DROP Eligibility Date and the time he retired under the plan.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2023

Amendment of the Plan

The plan document may be amended as provided in Section 7 of the Texas Fire Fighters' Retirement Act (Article 6243e, V.T.C.S.). Amending the plan requires approval of any proposed change by (a) an eligible actuary and (b) a majority of the participating members of the fund.

Employees covered by the plan

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

Retirees and beneficiaries currently receiving benefits	31
Terminated employees entitled to but not yet receiving benefits	4
Active members	<u>25</u>
Total	<u>60</u>

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 5.18%, 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 (4.18%) or 1-percentage-point higher (6.18%) than the current rate:

	Discount rate	Net pension liability
1% decrease	4.18%	\$ 18,776,534
Current discount rate	5.18%	\$ 15,231,770
1% increase	6.18%	\$ 12,383,182

Investments and the Long-term Expected rate of Return on Pension Plan Assets

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Stock	39%	6.0%
International Stock	8%	5.6%
Fixed Income	28%	4.8%
Multi-Asset	<u>25%</u>	5.4%
Total	100%	

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2023

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance at 12/31/2021	\$ 15,370,922	\$ 10,228,714	\$ 5,142,208
Changes for the year:			
Service cost	341,268	-	341,268
Interest	1,212,860	-	1,212,860
Difference between expected and actual experience	242,839	-	242,839
Changes in assumptions	7,388,383	-	7,388,383
Contributions – employer	-	334,598	(334,598)
Contributions – employee	-	316,010	(316,010)
Net investment income	-	(1,518,147)	1,518,147
Benefit payments, including refunds of employee contributions	(1,102,890)	(1,102,890)	-
Administrative expense	-	(36,673)	36,673
Net changes	\$ 8,082,460	\$ (2,007,101)	\$ 10,089,561
Balance at 12/31/2022	\$ 23,453,382	\$ 8,221,612	\$ 15,231,770

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

For the year ended September 30, 2023 the city recognized pension expense of \$2,462,450.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 252,877	\$ 193,357
Changes of assumptions	6,221,649	131,012
Net difference between projected and actual earnings on Plan investments	1,418,375	-
Contributions subsequent to the measurement date	270,179	-
Total	\$ 8,163,080	\$ 324,369

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$270,179 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the city's financial statements September 30, 2024).

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending Dec 31:	
2022	\$ 1,742,540
2023	1,899,472
2024	1,936,898
2025	1,989,622
2026	-
Thereafter	-
Total	<u>\$ 7,568,532</u>

The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. The report is available by writing P.O. Box 450, Sweetwater, Texas 79556.

Aggregate Totals for Net Pension Liability and Pension Expense at September 30, 2023:

	TMRS Plan	Sweetwater Firemen's Relief and Retirement Fund Plan	Total
Net Pension Liability	\$7,116,627	\$15,231,770	\$22,348,397
Pension expense (Income)	1,615,942	2,462,450	4,078,392

(9) Fund Balance Deficit

The Ambulance Enterprise Fund had a deficit fund balance at September 30, 2023, of \$3,586,438. Funds are budgeted in the general fund to support the fund and to reduce the deficit over future years.

The City of Sweetwater will increase the contribution rates starting in fiscal year 2025 in order to comply with the pension board guidelines necessary to decrease the amortization period.

(10) Individual Fund Disclosures

For fiscal year ended September 30, 2023, the City has expended funds in excess of appropriations at the level of control in the following areas for those funds with budgets presented:

Fund	Department/Control Level	Excess Amount
General Fund	Non-departmental	65,585
	Police department	93,622
	Animal control	2,909
	Community services	1,775
Senior Nutrition Activities Project	Community services	34,453
Hotel and Motel Special Revenue	Culture and recreation	45,402

These over-expenditures were mainly funded by decreased expenditures in other departments, and in some cases, revenues in excess of budgeted amounts. The general fund budgeted to use fund balance of \$443,184, but only used \$164,153.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2023

(11) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2023, is as follows:

	Due From	Due To
General fund	\$ -	\$ 123,499
Non-major governmental funds	-	1,590
Major enterprise funds:		
Water and wastewater fund	-	45,842
Solid waste management fund	-	15,186
Ambulance	-	16,056
Internal service funds	202,173	-
	<u>\$ 202,173</u>	<u>\$ 202,173</u>

The central garage and stores is an internal service fund that makes inventory purchases for the City and is then reimbursed by the other funds through a transfer. All balances due are scheduled to be collected in the subsequent year.

	Transfers In	Transfers Out
General Fund	\$ 1,053,616	\$ 1,132,025
Non-major governmental funds	373,700	275
Major enterprise fund:		
Water and wastewater	-	1,227,500
Solid waste management	261,500	87,616
Ambulance	758,600	-
	<u>\$ 2,447,416</u>	<u>\$ 2,447,416</u>

Interfund transfers relate to the funding of deficits by the general fund to the senior nutrition project, cemetery fund and the ambulance fund. The water and wastewater fund transfers budgeted funds to support the general fund's aid to the ambulance fund and non-major governmental funds.

(12) Risk Management

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

In addition to the above insurance coverage, the City also has a self-funded employee benefit fund. This fund was established in the fiscal year 1994 for funding the City's employees' health claims and premiums. This plan is a "self-insured" minimum premium cash flow plan. The City and each covered employee make a predetermined monthly contribution to the plan. All claims are reviewed and processed by an independent plan administrator. The plan administrator pays claims based on the health plan, from the City's checking account and the City releases the checks. The plan administrator charges the City a monthly fee.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

The City informally budgets for current claims based on current health care statistics. The City incurred \$1,835,731 in health claims and stop-loss premiums for the year ended September 30, 2023. The City contributed \$1,018,240 and City employees contributed \$377,155 to the health insurance program for the year ended September 30, 2023. Administrative costs paid to the health plan program administrator are paid directly from the other funds based on their covered employees. The City obtained excess loss insurance which limited annual claims to \$65,000 for any individual participant.

Incurred but not reported estimated health claims have been accrued as a liability based on the claims submitted after September 30, 2023, and on the City's remaining exposure under the aggregate stop-loss insurance coverage. The estimated liability for health claims is \$67,826 at September 30, 2023.

	Balance at Beginning <u>Fiscal Year</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance At End of <u>Fiscal Year</u>
2020-2021	\$ 38,342	\$ 2,428,340	\$ 2,080,668	\$ 386,014
2021-2022	\$ 386,014	\$ 1,313,138	\$ 1,557,652	\$ 141,500
2021-2022	\$ 141,500	\$ 1,762,057	\$ 1,835,731	\$ 67,826

(13) Segment Information

The Government issued revenue bonds to finance its water treatment plant and its wastewater treatment plant. The water and wastewater fund is a major enterprise fund, therefore, the required segment information is already provided in the basic financial statements and condensed information is not required.

(14) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

(15) Commitments

Construction Commitments

The City has several construction projects at fiscal year-end. The City has a water transmission main replacement project that has not been completed by fiscal year-end. There are two drinking water improvements projects and a sewer system improvement project ongoing as well. The City added two additional projects last fiscal year. One is called CR 142 water line and the other includes various projects being funded by the CSLFRF grant.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

At fiscal year-end, the City's commitments with contractors and vendors are as follows:

<u>Capital Projects</u>	<u>Spent-to-date</u>	<u>Remaining Commitments</u>
Enterprise Fund – Water and Wastewater Fund:		
Water transmission main replacement	\$ 2,445,051	\$ -
Drinking water improvements	\$ 1,762,275	\$ 528,199
Sewer system improvements	\$ 370,500	\$ 146,000
Water and wastewater improvements (CSLFRF)	\$ 3,695,179	\$ 445,111
Waterline reroute project	\$ 146,364	\$ 20,188

The water transmission main replacement project is being funded by the City as well as SEED-MDD. The project is expected to be completed before the end of 2023. The project was waiting on final inspection at September 30, 2023.

The drinking water improvements projects are being funded by \$2,187,000 in Texas Water Development bond issuance 2021A certificates of deposit and a \$913,725 TWDB grant. The 2020 DWSRF Improvement projects are expected to be completed in 2024.

The 2020 CWSRF project is being funded by \$2,400,000 2021B Certificates of Obligation bond issue. This project is expected to be completed in 2024 as well.

The CR 142 water line reroute project was started in fiscal year 2022. Costs of \$146,364 have been spent to date. The project is expected to be completed in 2024.

The CSLFRF projects were all started in fiscal year 2022 with one project being completed by year-end. All approved projects are for the water and wastewater fund. The funding received totaled \$2,599,198. The approved projects are expected to be completed in fiscal year 2024.

(16) Landfill Closure and Post-closure Care Costs

The City of Sweetwater Type IV landfill site was approved by TCEQ on May 9, 1995. A major amendment #50B, was approved by the TCEQ May 12, 2004. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 5 years after closure. A liability is reported in the solid waste management fund which represents the estimated remaining current cost of all post-closure care. However, due to changes in technology, laws or regulations these costs may change in the future.

The Sanitation Department opened a new landfill site in fiscal year 2020. Municipal Solid Waste Permit No. MSW 50B has a closure cost estimate of \$115,389 and a post-closure cost estimate of \$21,171. Permit No. MSW 2385 has a closure cost estimate of \$161,093 and a post-closure cost estimate of \$43,262 for a total of \$340,915 for both locations.

As previously noted, the City of Sweetwater has two landfills. The old landfill was approved as a Type IV landfill in 1995 and the new one is also a Type IV landfill approved for receiving garbage late fiscal year 2019. The old landfill has reached capacity as of October 2019 and the post closure process has begun. The new landfill has a 120-year estimated life and began accepting garbage October 2019.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2023

(17) Tax Abatements

Tax abatement agreements entered into directly by the City

The City has entered a Chapter 380 grant in the form of a municipal sales tax rebate. Grants are authorized under Texas Local Government Code Chapter 380. A business or entity shall be eligible to participate in the Chapter 380 Economic Development Program on terms and conditions established by the City Council on a case-by-case basis if: (a) the business or entity enters a binding contract with the City under which the business or entity (Operator) is required to make specific and verifiable employment and other commitments that serve the public purposes overseen by the City. The Operator shall deliver to the City a report by January 31 of each year stating (i) the cost of improvements, as set forth in the contract and (ii) the number of new full-time jobs and the number of new part-time jobs at the property.

Subject to the terms and conditions as set forth in the contract, the City shall pay Operator one-third of the reimbursable sales tax collected by the City for all sales generated within the project up to but not to exceed the maximum reimbursement amount of \$500,000. Such payment is due to Operator 60 days after the City's receipt of the respective payment from the State of Texas. If the recipient of a Chapter 380 award breaches any of the terms or conditions of the Economic Development Program Agreement and fails to cure such a breach in accordance with the Economic Development Grant Agreement, the City shall have the right to terminate the Agreement.

No additional commitments were made by the City as part of these agreements. The gross dollar amount, on accrual basis, by which the City sales tax revenues were reduced as a result of the abatement agreement were as follows:

Fiscal Year	Sales tax reduction
9/30/2020	\$12,044
9/30/2021	\$22,048
9/30/2022	\$19,615
9/30/2023	\$18,785

Tax abatement agreements entered into by SEED-MDD

SEED-MDD is a participant in the same agreement with Operator on the above Economic Development Program Agreement pursuant to Section 377 of the Texas Local Government Code pertaining to the Project which is intended to compliment the City's agreement. Additionally, the SEED-MDD agreement contains identical development requirements to those in the City's contract. The contract requirements are universal to both agreements and not intended to be duplicated. The gross dollar amount, on the accrual basis, by which SEED-MDD sales tax revenues were reduced as a result of the abatement agreement were as follows:

Fiscal Year	Sales tax reduction
9/30/2020	\$10,210
9/30/2021	\$23,882
9/30/2022	\$19,615
9/30/2023	\$18,785

(18) Accounting Pronouncements Implemented

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2023

associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

(19) Recent Accounting Pronouncements

The GASB has issued the following statements which will become effective in future years.

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

In June 2022, the GASB also issued Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Council is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption of these statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios Last 10 years (will ultimately be displayed)

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020
Total pension liability			
Service Cost	\$ 1,061,707	\$ 977,779	\$ 950,245
Interest (on the Total Pension Liability)	2,528,543	2,392,302	2,297,475
Changes of benefit terms including substantively automatic status	233,169	-	-
Difference between expected and actual experience	206,809	332,265	10,958
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,978,891)	(1,939,304)	(1,795,882)
Net Change in Total Pension Liability	2,051,337	1,763,042	1,462,796
Total Pension Liability - Beginning	37,685,322	35,922,280	34,459,484
Total Pension Liability - Ending (a)	<u>\$ 39,736,659</u>	<u>\$ 37,685,322</u>	<u>\$ 35,922,280</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,022,091	\$ 989,564	\$ 1,037,427
Contributions - Employee	442,115	423,805	409,588
Net Investment Income	(2,607,593)	4,183,990	2,290,002
Benefit payments, including refunds of employee contributions	(1,978,891)	(1,939,304)	(1,795,882)
Administrative Expense	(22,575)	(19,362)	(14,820)
Other	26,938	133	(578)
Net change in Plan Fiduciary Net Position	(3,117,914)	3,638,825	1,925,736
Plan Fiduciary Net Position - Beginning	35,737,946	32,099,121	30,173,385
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,620,032</u>	<u>\$ 35,737,946</u>	<u>\$ 32,099,121</u>
Net Pension Liability - Ending (a) - (b)	\$ 7,116,627	\$ 1,947,376	\$ 3,823,159
Plan Fiduciary Net Position as a % of Total Pension Liability	82.09%	94.83%	89.36%
Covered Payroll	\$ 6,315,928	\$ 6,054,360	\$ 5,851,259
Net Pension Liability as a % of Covered Payroll	112.68%	32.16%	65.34%

Notes to Schedule:

N/A

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
\$ 973,702	\$ 920,875	\$ 892,819	\$ 860,020	\$ 792,135	\$ 671,107
2,244,948	2,157,453	2,079,395	1,979,740	1,976,956	1,911,569
-	-	-	-	-	-
(665,254)	(126,129)	(298,136)	248,458	(226,424)	(329,247)
40,035	-	-	-	72,076	-
<u>(1,811,161)</u>	<u>(1,553,626)</u>	<u>(1,509,744)</u>	<u>(1,746,755)</u>	<u>(1,376,124)</u>	<u>(1,383,552)</u>
782,270	1,398,573	1,164,334	1,341,463	1,238,619	869,877
<u>33,677,214</u>	<u>32,278,641</u>	<u>31,114,307</u>	<u>29,772,844</u>	<u>28,534,225</u>	<u>27,664,348</u>
<u>\$ 34,459,484</u>	<u>\$ 33,677,214</u>	<u>\$ 32,278,641</u>	<u>\$ 31,114,307</u>	<u>\$ 29,772,844</u>	<u>\$ 28,534,225</u>
\$ 1,043,464	\$ 1,007,103	\$ 967,945	\$ 962,349	\$ 967,603	\$ 930,310
413,838	389,494	381,081	371,155	352,957	326,100
4,090,589	(822,415)	3,364,048	1,563,907	34,208	1,262,036
(1,811,161)	(1,553,626)	(1,509,744)	(1,746,755)	(1,376,124)	(1,383,552)
(23,115)	(15,895)	(17,433)	(17,661)	(20,836)	(13,177)
<u>(694)</u>	<u>(830)</u>	<u>(884)</u>	<u>(952)</u>	<u>(1,029)</u>	<u>(1,083)</u>
3,712,921	(996,169)	3,185,013	1,132,043	(43,222)	1,120,634
<u>26,460,464</u>	<u>27,456,633</u>	<u>24,271,620</u>	<u>23,139,577</u>	<u>23,182,799</u>	<u>22,062,165</u>
<u>\$ 30,173,385</u>	<u>\$ 26,460,464</u>	<u>\$ 27,456,633</u>	<u>\$ 24,271,620</u>	<u>\$ 23,139,577</u>	<u>\$ 23,182,799</u>
\$ 4,286,099	\$ 7,216,750	\$ 4,822,008	\$ 6,842,687	\$ 6,633,267	\$ 5,351,426
87.56%	78.57%	85.06%	78.01%	77.72%	81.25%
\$ 5,911,976	\$ 5,564,202	\$ 5,444,016	\$ 5,302,221	\$ 5,042,236	\$ 4,658,574
72.50%	129.70%	88.57%	129.05%	131.55%	114.87%

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System Schedule of Pension Contributions Last 10 years (will ultimately be displayed)

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Actuarially Determined Contribution	\$ 1,127,538	\$ 1,016,763	\$ 971,152	\$ 1,052,211	\$ 1,032,752	\$ 994,574
Contributions in relation to the actuarially determined contribution	<u>\$ 1,127,538</u>	<u>\$ 1,016,763</u>	<u>\$ 971,152</u>	<u>\$ 1,052,211</u>	<u>\$ 1,032,752</u>	<u>\$ 994,574</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,611,661	\$ 6,266,133	\$ 5,815,781	\$ 5,941,673	\$ 5,814,837	\$ 5,548,494
Contributions as a % of covered payroll	17.05%	16.23%	16.70%	17.71%	17.76%	17.93%

	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 962,349	\$ 963,144	\$ 957,565
Contributions in relation to the actuarially determined contribution	<u>\$ 962,349</u>	<u>\$ 963,144</u>	<u>\$ 957,565</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 5,447,328	\$ 5,229,357	\$ 4,581,299
Contributions as a % of covered payroll	17.67%	18.42%	20.90%

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	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

Notes

Adopted 20 yr, any age retirement eligibility.

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System Changes in the Total OPEB Liability and Related Ratios Last 10 years (will ultimately be displayed)

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Changes in the Total OPEB Liability						
Total OPEB Liability - beginning of year	\$ 546,931	\$ 512,203	\$ 424,084	\$ 349,209	\$ 379,565	\$ 328,847
Changes for the year						
Service Cost	25,895	24,823	20,479	15,962	17,805	15,243
Interest on Total OPEB Liability	10,197	10,408	11,896	13,175	12,794	12,646
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experienc	(12,120)	(7,573)	(3,028)	(17,662)	(34,226)	-
Changes in assumptions or other inputs	(173,305)	15,546	62,284	67,538	(22,834)	26,640
Benefit payments**	(11,369)	(8,476)	(3,511)	(4,138)	(3,895)	(3,811)
Net changes	(160,702)	34,728	88,120	74,875	(30,356)	50,718
Total OPEB Liability - end of year	<u>\$ 386,229</u>	<u>\$ 546,931</u>	<u>\$ 512,203</u>	<u>\$ 424,084</u>	<u>\$ 349,209</u>	<u>\$ 379,565</u>
Covered employee payroll	\$ 6,315,928	\$ 6,054,360	\$ 5,851,259	\$ 5,911,976	\$ 5,564,202	\$ 5,444,016
Total OPEB Liability as a % of covered payroll	6.12%	9.03%	8.75%	7.17%	6.28%	6.97%

** Due to the SDBF being considered in unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to RSI:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF SWEETWATER, TEXAS

Sweetwater Firemen's Relief and Retirement Fund Schedule of Changes in Net Pension Liability and Related Ratios Last 10 years (will ultimately be displayed)

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020
Total pension liability			
Service Cost	\$ 341,268	\$ 366,375	\$ 339,236
Interest (on the Total Pension Liability)	1,212,860	1,179,548	1,141,733
Changes of benefit terms	-	-	-
Difference between expected and actual experience	242,839	-	(48,688)
Change of assumptions	7,388,383	-	-
Benefit payments, including refunds of employee contributions	(1,102,890)	(1,105,949)	(867,523)
Net Change in Total Pension Liability	8,082,460	439,974	564,758
Total Pension Liability - Beginning	15,370,922	14,930,948	14,366,190
Total Pension Liability - Ending (a)	<u>\$ 23,453,382</u>	<u>\$ 15,370,922</u>	<u>\$ 14,930,948</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 334,598	\$ 338,890	\$ 306,973
Contributions - Employee	316,010	320,063	289,919
Net investment income	(1,518,147)	986,090	1,016,738
Benefit payments, including refunds of employee contributions	(1,102,890)	(1,105,949)	(867,523)
Administrative Expense	(36,673)	(52,313)	(23,665)
Other	-	-	-
Net change in Plan Fiduciary Net Position	(2,007,101)	486,781	722,442
Plan Fiduciary Net Position - Beginning	10,228,713	9,741,932	9,019,490
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,221,612</u>	<u>\$ 10,228,713</u>	<u>\$ 9,741,932</u>
Net Pension Liability - Ending (a) - (b)	\$ 15,231,770	\$ 5,142,209	\$ 5,189,016
Plan Fiduciary Net Position as a % of Total Pension Liability	35.06%	66.55%	65.25%
Covered Payroll (Estimated)	\$ 1,859,295	\$ 1,882,073	\$ 1,705,405
Net Pension Liability as a % of Covered Payroll	819.2%	273.2%	304.3%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
\$ 386,150	\$ 386,326	\$ 371,467	\$ 357,180	\$ 341,799	\$ 327,271
1,051,335	1,007,032	962,131	975,941	939,280	865,092
-	-	-	-	-	-
-	204,380	-	(105,695)	-	(971,741)
-	306,387	-	(631,974)	-	1,473,737
(789,512)	(774,953)	(799,457)	(765,290)	(911,057)	(686,376)
647,973	1,129,172	534,141	(169,838)	370,022	1,007,983
13,718,217	12,589,045	12,054,904	12,224,742	11,854,720	10,846,737
<u>\$ 14,366,190</u>	<u>\$ 13,718,217</u>	<u>\$ 12,589,045</u>	<u>\$ 12,054,904</u>	<u>\$ 12,224,742</u>	<u>\$ 11,854,720</u>
\$ 298,733	\$ 292,460	\$ 284,446	\$ 256,845	\$ 236,832	\$ 221,847
282,136	276,212	268,643	252,797	236,832	221,847
1,494,775	(543,173)	1,001,682	543,748	(216,775)	412,292
(789,512)	(774,953)	(799,457)	(765,290)	(911,057)	(686,376)
(27,624)	(36,736)	(35,021)	(41,956)	(29,349)	(34,337)
-	-	-	69	-	-
1,258,508	(786,190)	720,293	246,213	(683,517)	135,273
7,760,982	8,547,172	7,826,879	7,580,666	8,264,183	8,128,910
<u>\$ 9,019,490</u>	<u>\$ 7,760,982</u>	<u>\$ 8,547,172</u>	<u>\$ 7,826,879</u>	<u>\$ 7,580,666</u>	<u>\$ 8,264,183</u>
\$ 5,346,700	\$ 5,957,235	\$ 4,041,873	\$ 4,228,025	\$ 4,644,076	\$ 3,590,537
62.78%	56.63%	67.89%	61.18%	62.01%	69.71%
\$ 1,659,628	\$ 1,624,778	\$ 1,580,254	\$ 1,554,689	\$ 1,480,200	\$ 1,386,544
322.2%	366.6%	255.8%	272.0%	313.7%	259.0%

CITY OF SWEETWATER, TEXAS

Sweetwater Firemen's Relief and Retirement Fund

Schedule of Contributions

Last 10 years (will ultimately be displayed)

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially Determined Contribution	\$ 366,592	\$ 331,423	\$ 325,178	\$ 302,909	\$ 298,504
Contributions in relation to the actuarially determined contribution	<u>366,592</u>	<u>331,423</u>	<u>325,178</u>	<u>302,909</u>	<u>298,504</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,036,625	\$ 1,841,239	\$ 1,806,542	\$ 1,682,827	\$ 1,658,360
Contributions as a % of covered payroll	18.00%	18.00%	18.00%	18.00%	18.00%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 290,565	\$ 283,387	\$ 247,893	\$ 231,566	\$ 199,664
Contributions in relation to the actuarially determined contribution	<u>290,565</u>	<u>283,387</u>	<u>247,893</u>	<u>231,566</u>	<u>199,664</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,614,247	\$ 1,574,371	\$ 1,549,334	\$ 1,447,285	\$ 1,247,900
Contributions as a % of covered payroll	18.00%	18.00%	16.00%	16.00%	16.00%

Notes to Schedule of Contributions

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown. Fiscal year refers to the plan year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Valuation Date	December 31, 2022
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, open
Remaining Amortization Period	Infinite years
Asset Valuation Method	5 year smoothed market value
Inflation	3.00%
Projected Salary Increases	Service Based
Investment Rate of Return, Net of Expenses Compounded Annually	7.50%
Retirement Rates	Age and service related

Significant Factors Affecting Trends in Actuarial Information

There were not any significant changes in plan provisions and actuarial assumptions from the prior year that significantly affect the identification of trends in the amounts reported in the required schedules.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Senior Nutrition Activities Project – account for Federal funds received through grants administered by the West Central Texas Council of Governments and the Texas Department of Human Services.

Hotel and Motel Fund – established October 1, 1988 to account for collections of a tax, as permitted by law, which is mandated to support and promote tourism in the City.

Cemetery Perpetual Care Fund – established to accumulate funds until a time when annual revenue generated by investments could fund the cost of caring for the cemetery.

Drug Enforcement Fund – accounts for confiscated assets received as a result of drug interdiction activities. Expenditures are made for police department vehicles, equipment and training.

Opioid Abatement Fund – accounts for funds disbursed by the State after settlements with various drug companies to address opioid-related prevention, treatment programs and as otherwise permitted by statute or appropriation.

CITY OF SWEETWATER, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetery Fund	Drug Enforcement Fund	Opioid Remediation Fund	Total Nonmajor Governmental Funds
Assets						
Current cash and cash equivalents	\$ 4,902	\$ 92,047	\$ 1,418,737	\$ 2,673	\$ 21,424	\$ 1,539,783
Due from other governments	18,495	-	-	-	-	18,495
Total assets	<u>\$ 23,397</u>	<u>\$ 92,047</u>	<u>\$ 1,418,737</u>	<u>\$ 2,673</u>	<u>\$ 21,424</u>	<u>\$ 1,558,278</u>
Liabilities						
Accounts payable	12,749	-	7	-	-	12,756
Accrued wages	1,289	-	-	-	-	1,289
Due to other funds	1,490	-	100	-	-	1,590
Due to other governments	-	92,047	-	-	-	92,047
Total liabilities	<u>15,528</u>	<u>92,047</u>	<u>107</u>	<u>-</u>	<u>-</u>	<u>107,682</u>
Fund Balances						
Restricted for senior nutrition program	7,869	-	-	-	-	7,869
Restricted for drug enforcement	-	-	-	2,673	-	2,673
Restricted for opioid remediation	-	-	-	-	21,424	21,424
Committed for cemetery care	-	-	1,418,630	-	-	1,418,630
Total fund balances	<u>7,869</u>	<u>-</u>	<u>1,418,630</u>	<u>2,673</u>	<u>21,424</u>	<u>1,450,596</u>
Total liabilities and fund balances	<u>\$ 23,397</u>	<u>\$ 92,047</u>	<u>\$ 1,418,737</u>	<u>\$ 2,673</u>	<u>\$ 21,424</u>	<u>\$ 1,558,278</u>

CITY OF SWEETWATER, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetery Fund	Drug Enforcement Fund	Opioid Remediation Fund	Total Nonmajor Governmental Funds
Revenues						
Occupancy tax	\$ -	\$ 685,402	\$ -	\$ -	\$ -	\$ 685,402
Intergovernmental	112,564	-	-	-	-	112,564
Charges for services	-	-	3,250	-	-	3,250
Investment income	4	-	44,972	53	-	45,029
Contributions and donations	26,658	-	-	-	-	26,658
Miscellaneous	-	-	26,205	-	21,424	47,629
Total revenues	<u>139,226</u>	<u>685,402</u>	<u>74,427</u>	<u>53</u>	<u>21,424</u>	<u>920,532</u>
Expenditures						
Current:						
Culture and recreation	-	685,402	-	-	-	685,402
Community services	<u>509,635</u>	<u>-</u>	<u>37,958</u>	<u>-</u>	<u>-</u>	<u>547,593</u>
Total expenditures	<u>509,635</u>	<u>685,402</u>	<u>37,958</u>	<u>-</u>	<u>-</u>	<u>1,232,995</u>
Excess (deficiency) of revenues over (under) expenditures	(370,409)	-	36,469	53	21,424	(312,463)
Other Financing Sources (Uses):						
Transfers in	373,700	-	-	-	-	373,700
Transfers out	<u>-</u>	<u>-</u>	<u>(275)</u>	<u>-</u>	<u>-</u>	<u>(275)</u>
Net change in fund balances	3,291	-	36,194	53	21,424	60,962
Fund balances - beginning	<u>4,578</u>	<u>-</u>	<u>1,382,436</u>	<u>2,620</u>	<u>-</u>	<u>1,389,634</u>
Fund balances - ending	<u>\$ 7,869</u>	<u>\$ -</u>	<u>\$ 1,418,630</u>	<u>\$ 2,673</u>	<u>\$ 21,424</u>	<u>\$ 1,450,596</u>

CITY OF SWEETWATER, TEXAS

Senior Nutrition Activities Project Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 171,780	\$ 171,780	\$ 112,564	\$ (59,216)
Investment income	-	-	4	4
Contributions and donations	47,500	37,500	26,658	(10,842)
Miscellaneous	500	500	-	(500)
Total revenues	<u>219,780</u>	<u>209,780</u>	<u>139,226</u>	<u>(70,554)</u>
Expenditures				
Current:				
Community services	<u>447,865</u>	<u>475,182</u>	<u>509,635</u>	<u>(34,453)</u>
Total expenditures	<u>447,865</u>	<u>475,182</u>	<u>509,635</u>	<u>(34,453)</u>
Excess (deficiency) of revenues over (under) expenditures	(228,085)	(265,402)	(370,409)	(105,007)
Other Financing Sources (Uses):				
Transfers in	<u>228,700</u>	<u>358,700</u>	<u>373,700</u>	<u>15,000</u>
Net change in fund balances	615	93,298	3,291	(90,007)
Fund balances - beginning	<u>4,578</u>	<u>4,578</u>	<u>4,578</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,193</u>	<u>\$ 97,876</u>	<u>\$ 7,869</u>	<u>\$ (90,007)</u>

CITY OF SWEETWATER, TEXAS

Hotel and Motel Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Occupancy tax	\$ 640,000	\$ 640,000	\$ 685,402	\$ 45,402
Total revenues	640,000	640,000	685,402	45,402
Expenditures				
Current:				
Culture and recreation	640,000	640,000	685,402	(45,402)
Total expenditures	640,000	640,000	685,402	(45,402)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

CITY OF SWEETWATER, TEXAS

Cemetery Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 4,600	\$ 4,600	\$ 3,250	\$ (1,350)
Miscellaneous	27,000	27,000	26,205	(795)
Investment income	5,000	5,000	44,972	39,972
Total revenues	<u>36,600</u>	<u>36,600</u>	<u>74,427</u>	<u>37,827</u>
Expenditures				
Current:				
Community services	<u>67,127</u>	<u>67,127</u>	<u>37,958</u>	<u>29,169</u>
Total expenditures	<u>67,127</u>	<u>67,127</u>	<u>37,958</u>	<u>29,169</u>
Excess (deficiency) of revenues over (under) expenditures	(30,527)	(30,527)	36,469	66,996
Other Financing Sources (Uses):				
Transfers in	62,877	62,877	-	(62,877)
Transfer out	<u>-</u>	<u>-</u>	<u>(275)</u>	<u>(275)</u>
Net change in fund balances	32,350	32,350	36,194	3,844
Fund balances - beginning	<u>1,382,436</u>	<u>1,382,436</u>	<u>1,382,436</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,414,786</u>	<u>\$ 1,414,786</u>	<u>\$ 1,418,630</u>	<u>\$ 3,844</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Central Garage and Stores – this fund is used to account for the rental of motor vehicles to other departments, repairs, and fuel for motor vehicles, and the purchase and distribution of inventory, supplies, and information technology services performed for other departments.

Employee Benefit Fund – this fund is used to account for the group health insurance for City employees and dependents.

CITY OF SWEETWATER, TEXAS

Internal Service Funds
Combining Statement of Net Position
September 30, 2023

	Central Garage and Stores	Employee Benefit Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,377,408	\$ 405,311	\$ 1,782,719
Due from other funds	202,173	-	202,173
Due from other governments	117	-	117
Inventory	42,175	-	42,175
Restricted cash and cash equivalents	150,247	-	150,247
Total current assets	<u>1,772,120</u>	<u>405,311</u>	<u>2,177,431</u>
Capital assets:			
Buildings	254,893	-	254,893
Improvements other than buildings	49,726	-	49,726
Machinery and equipment	6,879,349	-	6,879,349
Right-to-use leased equipment	740,165	-	740,165
Less accumulated depreciation	<u>(5,583,086)</u>	<u>-</u>	<u>(5,583,086)</u>
Total capital assets (net of accumulated depreciation)	<u>2,341,047</u>	<u>-</u>	<u>2,341,047</u>
Total assets	<u>4,113,167</u>	<u>405,311</u>	<u>4,518,478</u>
Deferred Outflows of Resources			
Pension Plan	282,878	-	282,878
OPEB	1,320	-	1,320
Total deferred outflows of resources	<u>284,198</u>	<u>-</u>	<u>284,198</u>
Liabilities			
Current Liabilities:			
Accounts payable	34,732	67,826	102,558
Accrued liabilities	10,373	-	10,373
Accrued compensated absences	3,577	-	3,577
Lease payable	153,035	-	153,035
Total current liabilities	<u>201,717</u>	<u>67,826</u>	<u>269,543</u>
Noncurrent liabilities:			
Accrued compensated absences	32,191	-	32,191
Lease payable	156,830	-	156,830
Net pension liability	617,296	-	617,296
Total OPEB liability	36,110	-	36,110
Total noncurrent liabilities	<u>842,427</u>	<u>-</u>	<u>842,427</u>
Total liabilities	<u>1,044,144</u>	<u>67,826</u>	<u>1,111,970</u>
Deferred Inflows of Resources			
Pension Plan	-	-	-
OPEB	9,547	-	9,547
Total deferred inflows of resources	<u>9,547</u>	<u>-</u>	<u>9,547</u>
Net Assets			
Net investment in capital assets	2,031,182	-	2,031,182
Restricted	150,247	-	150,247
Unrestricted	1,162,245	337,485	1,499,730
Total net position	<u>\$ 3,343,674</u>	<u>\$ 337,485</u>	<u>\$ 3,681,159</u>

CITY OF SWEETWATER, TEXAS

Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position For the Year Ended September 30, 2023

	Central Garage and Stores	Employee Benefit Fund	Total
Operating revenues:			
Charges for services	\$ 1,854,181	\$ 2,395,922	\$ 4,250,103
Miscellaneous	24,711	-	24,711
	<u>1,878,892</u>	<u>2,395,922</u>	<u>4,274,814</u>
Total operating income			
Operating expenses:			
Personal services	878,885	-	878,885
Supplies	47,681	-	47,681
Other services and charges	417,363	2,390,701	2,808,064
Depreciation	452,825	-	452,825
	<u>1,796,754</u>	<u>2,390,701</u>	<u>4,187,455</u>
Total operating expenses			
Operating income	<u>82,138</u>	<u>5,221</u>	<u>87,359</u>
Non-operating revenues (expenses):			
Interest income	53,130	7,174	60,304
Intergovernmental	-	-	-
Loss on disposal of property	-	-	-
Interest expense	(8,172)	-	(8,172)
	<u>44,958</u>	<u>7,174</u>	<u>52,132</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	127,096	12,395	139,491
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	127,096	12,395	139,491
Total net position - beginning	3,216,578	325,090	3,541,668
Total net position - ending	<u>\$ 3,343,674</u>	<u>\$ 337,485</u>	<u>\$ 3,681,159</u>

CITY OF SWEETWATER, TEXAS

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2023

	Central Garage and Stores	Employee Benefit Fund	Total
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 1,867,204	\$ 1,953,291	\$ 3,820,495
Receipts from customers	-	442,631	442,631
Payments to suppliers	(445,812)	(628,645)	(1,074,457)
Payments for claims	-	(1,835,731)	(1,835,731)
Payments to employees	(864,502)	-	(864,502)
Net cash provided by operating activities	<u>556,890</u>	<u>(68,454)</u>	<u>488,436</u>
Cash Flows From Capital and Related Financing Activities			
Debt reduction	(149,331)	-	(149,331)
Purchases of capital assets	(763,096)	-	(763,096)
Interest expense	(8,172)	-	(8,172)
Net cash used by capital and related financing activities	<u>(920,599)</u>	<u>-</u>	<u>(920,599)</u>
Cash Flows From Investing Activities			
Interest and dividends received	53,130	7,174	60,304
Net cash provided (used) by investing activities	<u>53,130</u>	<u>7,174</u>	<u>60,304</u>
Net increase (decrease) in cash and cash equivalents	(310,579)	(61,280)	(371,859)
Cash and cash equivalents at beginning of year	1,838,234	466,591	2,304,825
Cash and cash equivalents at end of year	<u>\$ 1,527,655</u>	<u>\$ 405,311</u>	<u>\$ 1,932,966</u>
As reported on balance sheet:			
Cash	\$ 1,377,408	\$ 405,311	\$ 1,782,719
Restricted Cash	150,247	-	150,247
Total cash and cash equivalents at end of year	<u>\$ 1,527,655</u>	<u>\$ 405,311</u>	<u>\$ 1,932,966</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	82,138	5,221	87,359
to net cash provided (used) by operating			
Depreciation expense	452,825	-	452,825
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in due from other funds	(11,688)	-	(11,688)
(Increase) in due from other governments	113	-	113
(Increase) decrease in inventories	31,721	-	31,721
(increase) decrease in deferred outflows of resources	(207,076)	-	(207,076)
Increase (decrease) in accounts payable	(12,602)	(73,675)	(86,277)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in accrued liabilities	514	-	514
Increase (decrease) in net pension liability	432,678	-	432,678
Increase (decrease) in total OPEB liability	(13,447)	-	(13,447)
Increase (decrease) in compensated absences	4,728	-	4,728
Increase (decrease) in deferred inflows of resources	(203,014)	-	(203,014)
Total adjustments	<u>474,752</u>	<u>(73,675)</u>	<u>401,077</u>
Net cash provided by operating activities	<u>\$ 556,890</u>	<u>\$ (68,454)</u>	<u>\$ 488,436</u>

OTHER SCHEDULES - CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules By Source September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
General fixed assets:		
Land	\$ 178,332	\$ 178,332
Construction in-progress	-	-
Buildings	7,628,300	7,615,430
Improvements other than buildings	10,133,663	10,015,355
Machinery and equipment	2,702,942	2,607,227
Leased equipment	<u>367,209</u>	<u>367,209</u>
 Total governmental funds capital assets	 <u><u>\$ 21,010,446</u></u>	 <u><u>\$ 20,783,553</u></u>
 Investments in governmental funds capital assets by source:		
Investment in property acquired prior to 10-01-52	864,768	864,768
Investment in airport property-gifts and general fund revenues	185,125	185,125
Investment in property acquired after 10-01-52:		
From general obligation bonds	313,976	313,976
From general fund revenues	8,041,456	7,898,448
From special assessments	190,350	190,350
From capital donations	1,170,712	1,170,712
From private donations	448,310	383,179
From federal and other government grants (including federal revenue sharing)	6,576,662	6,576,662
From water and wastewater fund-transfer of swimming pool	486,881	486,881
From special revenue fund	<u>2,732,206</u>	<u>2,713,452</u>
 Total governmental funds capital assets	 <u><u>\$ 21,010,446</u></u>	 <u><u>\$ 20,783,553</u></u>

This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2023

	Total	Land	Construction in-progress	Building	Improvements other than Building	Machinery and Equipment	Right-to-use Leased Equipment
General government:							
Administration	\$ 119,606	\$ -	\$ -	\$ -	\$ 39,000	\$ 80,606	\$ -
General government buildings	690,697	9,000	-	290,976	244,898	145,823	-
Total general government	810,303	9,000	-	290,976	283,898	226,429	-
Public safety:							
Police protection	6,846,326	20,472	-	4,525,643	488,522	1,444,480	367,209
Fire protection	1,750,427	81,451	-	1,025,710	154,169	489,097	-
Civil defense	107,299	-	-	-	63,824	43,475	-
Total public safety	8,704,052	101,923	-	5,551,353	706,515	1,977,052	367,209
Public works:							
Streets and highways	1,899,114	800	-	-	1,847,759	50,555	-
Recycling center	35,113	-	-	-	24,219	10,894	-
Animal control	103,377	-	-	26,509	18,695	58,173	-
Total Public works	2,037,604	800	-	26,509	1,890,673	119,622	-
Culture and recreation:							
Parks and cemetery	1,411,733	24,870	-	73,595	1,092,167	221,101	-
Golf course	286,663	-	-	81,905	167,249	37,509	-
Aquatics	1,293,135	-	-	12,870	1,276,687	3,578	-
Total culture and recreation	2,991,531	24,870	-	168,370	2,536,103	262,188	-
Community services:							
Municipal auditorium	38,850	-	-	28,850	10,000	-	-
Health department	43,719	3,000	-	40,719	-	-	-
Museum	164,457	1,500	-	162,957	-	-	-
SNAP	578,934	-	-	494,358	16,166	68,410	-
Total community services	825,960	4,500	-	726,884	26,166	68,410	-
Airport	5,640,996	37,239	-	864,208	4,690,308	49,241	-
Total governmental funds capital assets	<u>\$ 21,010,446</u>	<u>\$ 178,332</u>	<u>\$ -</u>	<u>\$ 7,628,300</u>	<u>\$ 10,133,663</u>	<u>\$ 2,702,942</u>	<u>\$ 367,209</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Function and Activity For the Fiscal Year Ended September 30, 2023

	Governmental Funds Capital Assets 09/30/22	Additions	Deductions	Governmental Funds Capital Assets 09/30/23
General government:				
Administration	\$ 119,606	\$ -	\$ -	\$ 119,606
General government buildings	675,697	15,000	-	690,697
Total general government	<u>795,303</u>	<u>15,000</u>	<u>-</u>	<u>810,303</u>
Public safety:				
Police protection	6,813,226	33,100	-	6,846,326
Fire protection	1,750,427	-	-	1,750,427
Civil defense	107,299	-	-	107,299
Total public safety	<u>8,670,952</u>	<u>33,100</u>	<u>-</u>	<u>8,704,052</u>
Public works:				
Streets and highways	1,899,114	-	-	1,899,114
Recycling center	35,113	-	-	35,113
Animal control	103,377	-	-	103,377
Total public works	<u>2,037,604</u>	<u>-</u>	<u>-</u>	<u>2,037,604</u>
Culture and recreation:				
Parks and cemetery	1,264,564	147,169	-	1,411,733
Golf course	286,663	-	-	286,663
Aquatics	1,280,265	12,870	-	1,293,135
Total culture and recreation	<u>2,831,492</u>	<u>160,039</u>	<u>-</u>	<u>2,991,531</u>
Community Services:				
Municipal auditorium	38,850	-	-	38,850
Health department	43,719	-	-	43,719
Museum	164,457	-	-	164,457
SNAP	560,180	18,754	-	578,934
Total community services	<u>807,206</u>	<u>18,754</u>	<u>-</u>	<u>825,960</u>
Airport	5,640,996	-	-	5,640,996
Total governmental funds capital assets	<u>\$ 20,783,553</u>	<u>\$ 226,893</u>	<u>\$ -</u>	<u>\$ 21,010,446</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

STATISTICAL SECTION

(Unaudited)

This part of the City of Sweetwater's annual comprehensive financial report presents detailed Information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	94-105
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue source-its property tax.	106-111
Debt Capacity These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	112-116
Demographic and Economic Information These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.	117-118
Operating Information These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	119-122

CITY OF SWEETWATER, TEXAS**Net Position by Component****Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 8,580,204	\$ 9,459,578	\$ 9,047,241	\$ 8,494,897
Restricted	94,324	118,202	214,039	181,430
Unrestricted	6,846,447	1,493,359	1,655,007	686,372
Total governmental activities net position	<u>\$ 15,520,975</u>	<u>\$ 11,071,139</u>	<u>\$ 10,916,287</u>	<u>\$ 9,362,699</u>
Business-type activities				
Net investment in capital assets	\$ 13,306,489	\$ 13,394,090	\$ 13,743,436	\$ 9,931,071
Restricted	759,967	817,153	821,408	831,373
Unrestricted	7,184,602	4,464,617	4,715,014	9,440,428
Total business-type activities net position	<u>\$ 21,251,058</u>	<u>\$ 18,675,860</u>	<u>\$ 19,279,858</u>	<u>\$ 20,202,872</u>
Primary government				
Net investment in capital assets	\$ 21,886,693	\$ 22,853,668	\$ 22,790,677	\$ 18,425,968
Restricted	854,291	935,355	1,035,447	1,012,803
Unrestricted	14,031,049	5,957,976	6,370,021	10,126,800
Total primary government net position	<u>\$ 36,772,033</u>	<u>\$ 29,746,999</u>	<u>\$ 30,196,145</u>	<u>\$ 29,565,571</u>

Source: Annual Comprehensive Financial Report**Notes:**

- * The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard
- * The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard
- * The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard
- * Unspendable Cemetery funds have been reclassified to a Committed fund balance in fund financial statements and unrestricted in the Government-wide financial statement upon further investigation of GASB 54 classifications and historical city ordinances.
- * The City implemented GASB Statements No. 84 and 87 in fiscal year 2022. The amounts for all prior fiscal years have not been restated for the effects of this standard

2018	2019	2020	2021	2022	2023
\$ 7,934,319	\$ 7,571,669	\$ 8,624,559	\$ 8,118,423	\$ 9,237,116	\$ 8,885,755
192,690	201,847	437,189	314,371	758,277	587,995
360,070	(225,847)	(464,165)	519,165	1,439,276	(473,407)
\$ 8,487,079	\$ 7,547,669	\$ 8,597,583	\$ 8,951,959	\$ 11,434,669	\$ 9,000,343

\$ 14,476,834	\$ 15,231,426	\$ 15,209,990	\$ 15,635,031	\$ 18,405,341	\$ 23,127,307
848,974	875,411	891,829	2,801,685	4,105,459	692,666
5,984,007	5,439,859	5,847,000	7,548,299	3,760,297	4,997,009
\$ 21,309,815	\$ 21,546,696	\$ 21,948,819	\$ 25,985,015	\$ 26,271,097	\$ 28,816,982

\$ 22,411,153	\$ 22,803,095	\$ 23,834,549	\$ 23,753,454	\$ 27,642,457	\$ 32,013,062
1,041,664	1,077,258	1,329,018	3,116,056	4,863,736	1,280,661
6,344,077	5,214,012	5,382,835	8,067,464	5,199,573	4,523,602
\$ 29,796,894	\$ 29,094,365	\$ 30,546,402	\$ 34,936,974	\$ 37,705,766	\$ 37,817,325

CITY OF SWEETWATER, TEXAS**Changes in Net Position****Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 1,563,157	\$ 1,557,499	\$ 1,642,864	\$ 1,814,626
Public safety	4,111,605	4,491,188	5,010,521	5,448,126
Public works	1,056,515	1,057,291	1,095,851	984,321
Culture and recreation	1,325,393	1,392,756	1,464,758	1,423,072
Community services	555,465	544,645	533,096	545,305
Airport	413,656	376,425	443,799	411,918
Total governmental activities expenses	9,025,791	9,419,804	10,190,889	10,627,368
Business-type activities:				
Water and sewer	6,379,513	6,401,399	6,344,981	6,163,135
Solid waste management	1,844,622	1,944,585	1,914,193	2,183,736
Ambulance	1,966,355	2,189,949	2,244,762	2,204,031
Total business-type activities expenses	10,190,490	10,535,933	10,503,937	10,550,902
Total primary government expenses	\$ 19,216,281	\$ 19,955,737	\$ 20,694,826	\$ 21,178,270
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,608,618	\$ 1,277,724	\$ 1,338,490	\$ 1,358,629
Public safety	-	-	-	-
Public works	3,363	3,495	3,747	2,770
Culture and recreation	364,659	375,659	377,382	377,361
Community services	1,250	-	-	-
Airport	178,196	160,902	194,555	164,188
Operating grants and contributions	367,386	287,101	308,172	246,386
Capital grants and contributions	-	-	38,160	32,000
Total governmental activities program	2,523,472	2,104,881	2,260,505	2,181,333
Business-type activities:				
Charges for services:				
Water and sewer	6,958,410	6,558,087	7,202,525	7,291,239
Solid waste management	1,953,590	1,895,226	1,891,078	1,886,909
Ambulance	1,533,151	1,582,404	1,561,508	1,454,635
Operating grants and contributions	9,979	18,069	1,600	12,260
Capital grants and contributions	-	-	-	-
Total business-type activities program	10,455,130	10,053,786	10,656,711	10,645,043
Total primary government program revenues	\$ 12,978,602	\$ 12,158,667	\$ 12,917,216	\$ 12,826,376
Net (Expense)/Revenue				
Governmental activities	\$ (6,502,319)	\$ (7,314,923)	\$ (7,930,383)	\$ (8,446,034)
Business-type activities	264,640	(482,147)	152,776	94,141
Total primary government net expense	\$ (6,237,679)	\$ (7,797,070)	\$ (7,777,607)	\$ (8,351,893)

Source: Annual Comprehensive Financial Report

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,685,953	\$ 1,877,741	\$ 1,812,243	\$ 1,891,668	\$ 2,127,090	\$ 2,649,888
5,844,524	5,959,508	5,631,691	5,731,670	6,285,284	8,467,200
1,068,970	1,099,670	1,040,086	899,463	1,095,161	1,270,748
1,440,807	1,500,504	1,328,904	1,433,789	1,558,045	1,707,826
528,714	549,735	544,433	550,725	583,670	661,248
422,131	414,069	394,806	444,224	534,584	651,642
10,991,099	11,401,227	10,752,163	10,951,539	12,183,834	15,408,552
6,381,468	6,527,669	6,723,079	6,728,933	7,103,511	7,984,486
2,105,056	2,134,829	2,034,359	1,979,347	1,920,303	1,845,155
2,109,930	2,249,353	2,186,190	2,056,668	1,953,533	3,200,952
10,596,454	10,911,851	10,943,628	10,764,948	10,977,347	13,030,593
\$ 21,587,553	\$ 22,313,078	\$ 21,695,791	\$ 21,716,487	\$ 23,161,181	\$ 28,439,145
\$ 1,711,344	\$ 1,703,198	\$ 1,810,914	\$ 1,944,464	\$ 2,218,356	\$ 2,565,211
-	-	-	-	-	-
3,912	5,095	8,495	7,890	8,150	6,941
401,381	413,998	389,058	439,902	481,820	482,458
-	-	-	-	-	-
176,126	158,381	125,097	147,468	200,032	194,967
225,099	197,845	654,664	609,263	811,804	362,174
486,394	52,155	1,204,917	17,484	1,330,906	51,031
3,004,255	2,530,672	4,193,145	3,166,471	5,051,068	3,662,782
7,624,129	7,260,157	7,951,268	7,999,429	8,667,849	9,111,315
1,441,468	2,023,957	2,076,336	1,438,294	1,562,930	1,653,068
2,054,866	1,324,861	1,251,791	1,312,934	720,232	1,484,595
10,011	9,689	135,153	58,949	577,879	-
46,337	228,663	-	3,597,753	1,794,815	664,648
11,176,811	10,847,327	11,414,548	14,407,359	13,323,705	12,913,626
\$ 14,181,066	\$ 13,377,999	\$ 15,607,693	\$ 17,573,830	\$ 18,374,773	\$ 16,576,408
\$ (7,986,843)	\$ (8,870,555)	\$ (6,559,018)	\$ (7,785,068)	\$ (7,132,766)	\$ (11,745,770)
580,357	(64,524)	470,920	3,642,411	2,346,358	(116,968)
\$ (7,406,486)	\$ (8,935,079)	\$ (6,088,098)	\$ (4,142,657)	\$ (4,786,408)	\$ (11,862,738)

CITY OF SWEETWATER, TEXAS**Changes in Net Position****Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in				
Governmental activities:				
Taxes				
Property taxes	\$1,901,654	\$2,045,818	\$2,236,094	\$2,214,540
Sales taxes	2,706,835	2,841,341	3,377,448	2,779,816
Franchise taxes	1,097,948	1,151,119	1,064,016	1,060,142
Other taxes	620,562	723,538	735,637	623,046
Investment earnings	25,297	19,517	20,561	37,532
Miscellaneous	1,006,410	732,713	589,044	693,332
Special item	-	-	116,204	154,110
Transfers	(410,000)	(433,000)	(363,473)	(670,072)
Total governmental activities	\$6,948,706	\$7,081,046	\$7,775,531	\$6,892,446
Business-type activities:				
Grants and contributions not restricted	-	-	-	-
Investment earnings	20,667	19,463	26,111	64,240
Miscellaneous	86,433	166,118	61,637	94,561
Special item	-	-	-	-
Transfers	410,000	433,000	363,473	670,072
Total business-type activities	517,100	618,581	451,221	828,873
Total primary government	\$ 7,465,807	\$ 7,699,628	\$ 8,226,753	\$ 7,721,319
Change in Net Position				
Governmental activities	\$ 446,387	\$ (233,877)	\$ (154,852)	\$ (1,553,588)
Business-type activities	781,740	136,434	603,997	923,014
Total primary government	\$ 1,228,127	\$ (97,443)	\$ 449,145	\$ (630,574)

Source: Annual Comprehensive Financial Report

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$2,231,361	\$2,263,389	\$2,494,929	\$2,639,831	\$2,731,290	\$2,742,027
2,972,679	2,791,806	2,842,706	3,040,622	3,558,271	3,594,541
1,071,082	1,103,867	1,201,782	1,058,911	1,082,083	1,148,435
679,577	692,600	594,429	579,305	721,052	696,372
89,401	116,114	71,203	59,007	37,590	170,552
784,688	870,036	956,050	659,852	798,025	664,500
-	-	-	-	-	-
(487,000)	93,333	(552,167)	101,915	668,126	295,016
\$7,341,788	\$7,931,145	\$7,608,932	\$8,139,443	\$9,596,437	\$9,311,444
-	-	-	-	463,722	2,135,476
137,741	221,310	139,107	112,064	101,107	500,598
-	173,428	-	383,637	637,092	321,794
-	-	(760,070)	-	-	-
487,000	(93,333)	552,167	(101,915)	(668,126)	(295,016)
624,741	301,405	(68,796)	393,786	533,795	2,662,852
\$ 7,966,529	\$ 8,232,550	\$ 7,540,136	\$ 8,533,229	\$ 10,130,232	\$ 11,974,296
\$ (645,055)	\$ (939,410)	\$ 1,049,914	\$ 354,375	\$ 2,463,671	\$ (2,434,326)
1,205,098	236,881	402,124	4,036,197	2,880,153	2,545,884
\$ 560,043	\$ (702,529)	\$ 1,452,038	\$ 4,390,572	\$ 5,343,824	\$ 111,559

CITY OF SWEETWATER, TEXAS
Program Revenues by Function/Program
Last Ten Fiscal Years
(Prepared using the accrual basis of accounting)

Function/Program	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities					
General Government	\$1,608,618	\$1,277,724	\$1,338,490	\$1,358,629	\$1,711,344
Public Safety	87,117	19,755	42,022	34,316	413,591
Public Works	3,363	3,495	3,747	2,770	3,912
Culture and Recreation	364,659	375,659	402,381	377,360	401,381
Community Services	275,629	262,470	261,167	226,515	203,526
Airport	184,086	165,778	212,698	181,743	270,502
Subtotal Governmental Activities	2,523,472	2,104,881	2,260,505	2,181,333	3,004,255
Business-type Activities					
Water and Sewer	6,958,410	6,558,087	7,202,525	7,291,239	7,670,466
Solid Waste Management	1,953,590	1,895,226	1,891,078	1,886,909	1,451,479
Ambulance	1,543,130	1,600,473	1,563,108	1,466,895	2,054,866
Subtotal Business-type Activities	10,455,130	10,053,786	10,656,711	10,645,043	11,176,811
Total Primary Government	\$12,978,602	\$12,158,667	\$12,917,216	\$12,826,376	\$14,181,066

Source: Annual Comprehensive Financial Reports

2019	2020	2021	2022	2023
\$1,703,198	\$1,810,914	\$2,044,390	\$2,233,744	\$2,690,111
2,882	447,263	348,035	323,958	98,053
5,095	8,495	7,890	73,150	6,941
413,998	1,133,786	439,902	734,820	533,489
194,963	183,779	154,545	151,568	139,221
210,536	608,909	171,709	1,533,828	194,967
2,530,672	4,193,145	3,166,471	5,051,068	3,662,782
7,488,820	7,951,268	11,597,182	10,462,664	9,775,963
2,023,957	2,076,336	1,438,294	1,562,930	1,653,068
1,334,550	1,386,944	1,371,883	1,298,111	1,484,595
10,847,327	11,414,548	14,407,359	13,323,705	12,913,626
\$13,377,999	\$15,607,693	\$17,573,830	\$18,374,773	\$16,576,408

CITY OF SWEETWATER, TEXAS
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

(Prepared using the modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Unreserved	-	-	-	-	-
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	87,134	113,147	163,339	121,737	120,182
Committed	-	-	-	-	-
Unassigned	5,877,126	4,360,460	4,566,380	3,808,170	3,776,982
Total general fund	\$ 5,964,260	\$ 4,473,607	\$ 4,729,719	\$ 3,929,907	\$ 3,897,164
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	-	-	-	-	-
Restricted	\$ 7,190	\$ 5,055	\$ 75,700	\$ 59,693	\$ 29,189
Committed	1,177,458	1,199,074	1,217,604	1,234,690	1,255,618
Assigned	11,007	18,853	-	-	-
Total all other governmental funds	\$ 1,195,655	\$ 1,222,982	\$ 1,293,304	\$ 1,294,383	\$ 1,284,807
Total governmental funds	\$ 7,159,915	\$ 5,696,589	\$ 6,023,023	\$ 5,224,290	\$ 5,181,971

Source: City of Sweetwater Annual Comprehensive Financial Report for respective fiscal year.

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Type Definitions" in fiscal year 2011.

2019	2020	2021	2022	2023
-	-	-	-	-
\$ -	\$ -	\$ -	\$ 20,597	\$ 16,950
144,086	169,733	304,525	442,534	405,782
-	-	-	80,736	92,607
3,556,469	3,192,454	3,193,985	3,310,334	3,174,709
\$ 3,700,555	\$ 3,362,187	\$ 3,498,510	\$ 3,854,201	\$ 3,690,048
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
\$ 14,012	\$ 11,506	\$ 9,846	\$ 7,198	\$ 31,966
1,300,669	1,323,925	1,348,464	1,382,436	1,418,630
-	-	-	-	-
\$ 1,314,681	\$ 1,335,431	\$ 1,358,310	\$ 1,389,634	\$ 1,450,596
\$ 5,015,236	\$ 4,697,618	\$ 4,856,820	\$ 5,243,835	\$ 5,140,644

CITY OF SWEETWATER, TEXAS**Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(Prepared using the modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 6,336,881	\$ 6,752,849	\$ 7,396,359	\$ 6,616,507
Intergovernmental	248,798	237,826	305,712	243,035
Charges for services	1,691,233	1,350,701	1,436,923	1,434,132
Licenses and permits	37,211	35,805	32,089	34,907
Investment income	25,297	19,517	20,561	37,532
Fines and forfeitures	43,772	50,270	59,314	54,743
Miscellaneous	1,508,869	1,162,993	1,015,513	1,261,960
Total revenues	9,892,061	9,609,961	10,266,471	9,682,816
Expenditures				
General government	1,540,874	1,588,013	1,637,268	1,742,582
Public safety	3,985,580	4,315,864	4,441,559	4,780,984
Public works	1,030,142	1,047,268	1,074,272	941,312
Culture and recreation	1,270,965	1,380,748	1,436,460	1,375,270
Community services	531,270	531,104	510,793	513,687
Airport	250,578	212,791	277,288	239,207
Debt service	-	-	-	-
Capital outlay	3,029,805	1,564,499	179,669	218,434
Total expenditures	11,639,214	10,640,287	9,557,309	9,811,476
Excess of revenues over (under) expenditures	(1,747,153)	(1,030,326)	709,162	(128,660)
Other Financing Sources (Uses)				
Leases (as lessee)	-	-	-	-
Transfers in	192,210	210,849	221,244	207,517
Transfers out	(602,210)	(643,849)	(720,175)	(877,589)
Proceeds from sale of assets	-	-	116,204	-
Total other financing sources (uses)	(410,000)	(433,000)	(382,727)	(670,072)
Net change in fund balances	\$ (2,157,153)	\$ (1,463,326)	\$ 326,434	\$ (798,733)
Debt Service as a % of noncapital expenditures	0%	0%	0%	0%

Source: Annual Comprehensive Financial Reports

2018	2019	2020	2021	2022	2023
\$ 6,957,637	\$ 6,818,654	\$ 7,103,574	\$ 7,299,563	\$ 8,066,844	\$ 8,131,094
676,617	206,366	1,093,552	271,924	1,469,410	300,610
1,812,745	1,799,578	1,831,097	1,964,357	2,234,123	2,569,449
50,532	40,374	61,525	91,054	102,711	92,715
89,401	116,113	71,203	59,007	37,590	170,553
42,137	44,744	47,256	50,316	92,077	101,075
1,206,913	1,310,007	2,128,614	1,448,670	1,950,772	1,263,433
10,835,982	10,335,836	12,336,821	11,184,891	13,953,527	12,628,929
1,694,033	1,807,932	1,873,355	2,038,949	2,327,327	2,521,292
5,342,126	5,227,055	5,373,302	5,759,349	6,576,908	6,548,042
1,052,145	1,061,504	1,082,168	929,398	1,176,823	1,238,677
1,406,410	1,450,148	1,318,452	1,384,858	1,505,381	1,577,358
508,002	515,118	545,355	555,572	596,655	625,612
245,650	232,286	193,891	204,070	301,310	289,263
-	-	-	-	75,252	-
142,934	301,860	1,715,748	255,224	1,850,080	226,892
10,391,300	10,595,903	12,102,271	11,127,420	14,409,736	13,027,136
444,682	(260,067)	234,550	57,471	(456,209)	(398,207)
-	-	-	-	175,098	-
196,703	823,718	279,758	1,003,882	1,612,777	1,427,316
(683,703)	(730,385)	(831,925)	(901,965)	(944,651)	(1,132,300)
-	-	-	-	-	-
(487,000)	93,333	(552,167)	101,917	843,224	295,016
\$ (42,319)	\$ (166,735)	\$ (317,618)	\$ 159,388	\$ 387,015	\$ (103,191)

0%

0%

0%

0%

0.61%

0%

CITY OF SWEETWATER, TEXAS
Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years

Year	(1) Property Tax	(2) Sales Tax	Franchise Tax	(3) Occupancy Tax	Alcohol Beverage Tax	Total
2014	1,902	2,707	1,098	615	6	6,328
2015	2,037	2,841	1,151	716	8	6,753
2016	2,219	3,377	1,064	726	9	7,395
2017	2,154	2,780	1,060	613	10	6,617
2018	2,234	2,973	1,071	670	10	6,958
2019	2,230	2,792	1,104	681	12	6,819
2020	2,465	2,843	1,202	585	9	7,104
2021	2,621	3,041	1,059	565	14	7,300
2022	2,705	3,558	1,082	709	12	8,066
2023	2,692	3,595	1,148	685	11	8,131

Change:

2014-2023	42%	33%	5%	11%	83%	28%
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Amounts are expressed in thousands.

- ¹ The City has kept its property tax rate at \$0.48 per \$100 assessed value until the fiscal year 2018 with a rate of \$0.497423 per \$100 assessed value. Fiscal year 2023 property tax rate decreased to a \$0.50750 per \$100 assessed value.
- ² The City charges a 1.5 percent sales and use tax within the City limits. Sales tax revenue has increased 33% compared to 10 years ago.
- ³ The City's occupancy tax rate is 9 percent which is collected by the City and allocated pursuant to Chapter 351 of the Texas Tax Code to entities supporting and promoting tourism in the city.

CITY OF SWEETWATER, TEXAS

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year	Personal				Less: Tax Exempt Real	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Commercial	Other*					
2014	212,753	102,838	97,084	1,314	16,345	397,644	0.4800	397,644	100%
2015	215,970	120,004	106,200	1,558	15,852	427,880	0.4800	427,880	100%
2016	220,863	133,319	110,888	12,440	12,317	465,193	0.4800	465,193	100%
2017	240,649	133,399	97,320	3,413	12,317	462,464	0.4800	462,464	100%
2018	248,063	126,577	80,493	2,985	10,753	447,365	0.4974	447,365	100%
2019	250,913	126,225	88,549	2,889	13,712	454,864	0.4974	454,864	100%
2020	253,435	129,744	92,292	3,444	11,768	467,147	0.5390	467,147	100%
2021	258,341	124,207	113,453	3,792	13,436	486,357	0.5440	486,357	100%
2022	274,683	108,260	129,594	2,112	9,121	505,528	0.5480	505,528	100%
2023	286,977	160,469	102,548	10,219	9,692	550,521	0.5075	550,521	100%

Source: Central Appraisal District of Nolan County

Note:

- * Property is reassessed annually. The district assesses property at approximately 100 percent of actual value for all types of real and personal property.
- * Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value.
- * All amounts unless otherwise indicated, are expressed in thousands of dollars.
- * CAD Software conversion in 2011 revealed misclassification of oil and gas as personal property rather than real property in prior years.

CITY OF SWEETWATER, TEXAS
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City of Sweetwater			Overlapping Rates			Total Direct & Overlapping Rates
	Operating	Debt Service	Total	Sweetwater ISD	Nolan County	Nolan County Hospital	
2014	0.4800	-	0.4800	1.2150	0.5076	0.2524	2.4549
2015	0.4800	-	0.4800	1.2150	0.5087	0.4040	2.6077
2016	0.4800	-	0.4800	1.2130	0.5399	0.4039	2.6368
2017	0.4800	-	0.4800	1.2050	0.5665	0.4040	2.6554
2018	0.4974	-	0.4974	1.2080	0.5680	0.4040	2.6773
2019	0.4974	-	0.4974	1.2080	0.5317	0.4000	2.6371
2020	0.5390	-	0.5390	1.1298	0.5317	0.4220	2.6225
2021	0.5440	-	0.5440	1.1036	0.5409	0.4250	2.6134
2022	0.5480	-	0.5480	1.0268	0.5376	0.4150	2.5274
2023	0.5075	-	0.5075	0.9762	0.5000	0.3900	2.3737

Source: Central Appraisal District of Nolan County

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Sweetwater

CITY OF SWEETWATER, TEXAS
Principal Property Taxpayers,
Current Year and Ten Years Ago

Taxpayer	FY 2023			FY 2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ludlum Measurements Inc	19,372,758	1	3.52%	19,792,510	1	4.98%
CSI Acquisition Co.	15,778,640	2	2.87%	3,396,580	10	0.85%
Oncor Electric Delivery/TU	10,159,620	3	1.85%	4,456,560	4	1.12%
Crest Pumping Technologies LLC	6,505,420	4	1.18%			
Union Pacific Railroad	5,740,990	5	1.04%			
Loves Hospitality LLC	5,544,110	6	1.01%			
Suddenlink Communications	5,522,300	7	1.00%			
Atmos Energy/Mid Tex Dist	5,024,360	8	0.91%			
Perfect Power Solutions TX	4,649,850	9	0.84%			
Wal-Mart Stores LP A TEX LIM	4,326,280	10	0.79%			
Cholla Petroleum				7,597,950	2	1.91%
TST INC - dba Timco				7,157,740	3	1.80%
Wal-Mart Stores Texas LP				4,357,490	5	1.10%
TXHP Sweetwater LLC				3,924,710	6	0.99%
Dhilon Inc				3,844,640	7	0.97%
Walmart Stores LP				3,722,260	8	0.94%
Texas Fifteen Property LLC				3,447,590	9	0.87%
Total	<u>82,624,328</u>		<u>15.01%</u>	<u>61,698,030</u>		<u>15.52%</u>

Source: Central Appraisal District of Nolan County

CITY OF SWEETWATER, TEXAS
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within Fiscal		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	1,909,117	1,855,387	97%	49,412	1,904,799	100%
2015	2,053,829	1,987,413	97%	59,720	2,047,133	100%
2016	2,232,971	2,159,055	97%	60,993	2,220,048	99%
2017	2,219,828	2,101,627	95%	104,697	2,206,324	99%
2018	2,225,365	2,129,052	96%	79,088	2,208,140	99%
2019	2,262,601	2,151,338	95%	86,826	2,238,164	99%
2020	2,517,923	2,406,837	96%	74,563	2,481,400	99%
2021	2,645,783	2,541,871	96%	56,585	2,598,456	98%
2022	2,770,291	2,655,925	96%	39,229	2,695,154	97%
2023	2,793,895	2,651,114	95%	-	2,651,114	95%

Source: Central Appraisal District of Nolan County

CITY OF SWEETWATER
Principal Water Sales
Current Year and Ten Years Ago
Fiscal Year

Water Customer	FY 2023					FY 2014				
	Water Rate	Water Sales	Rank	Percentage of Total Water Sales		Water Rate	Water Sales	Rank	Percentage of Total Water Sales	
United States Gypsum Co.	\$ 7.99	\$ 744,688.40	1	12.68%		\$ 6.31	\$ 557,707.21	1	12.49%	
Georgia Pacific	\$ 7.99	\$ 630,088.82	2	10.73%		\$ 6.31	\$ 267,080.30	3	5.98%	
City of Roby	\$ 7.20	\$ 302,048.32	3	5.14%		\$ 5.68	\$ 261,203.32	4	5.85%	
Sweetwater Housing Authority	\$ 8.47	\$ 153,813.38	4	2.62%		\$ 6.69	\$ 275,303.60	2	6.16%	
City of Trent	\$ 7.20	\$ 144,195.76	5	2.45%		\$ 5.68	\$ 142,693.04	6	3.19%	
Sweetwater ISD	\$ 7.99	\$ 105,502.45	6	1.80%		\$ 6.31	\$ 165,088.86	5	3.70%	
TSTC	\$12.83	\$ 60,971.24	7	1.04%						
Sweetwater Mustang Heights	\$ 8.47	\$ 46,348.12	8	0.79%		\$ 6.69	\$ 74,215.19	10	1.66%	
Rolling Plains Memorial Hospital	\$ 7.99	\$ 44,542.08	9	0.76%						
Apple Creek Apartments	\$ 8.47	\$ 44,245.88	10	0.75%		\$ 6.69	\$ 126,001.68	7	2.82%	
HBSN Investment LLC						\$ 6.69	\$ 90,448.71	8	2.02%	
Ludlum Measurements						\$ 6.31	\$ 87,750.18	9	1.96%	
		<u>\$2,276,444.45</u>		<u>38.75%</u>			<u>\$2,047,492.09</u>		<u>45.83%</u>	

Source: City of Sweetwater Utility Department

CITY OF SWEETWATER, TEXAS
Ratios of Outstanding Debt by Type,
Last 10 Fiscal Years

Fiscal Year	Governmental Activities			Business type Activities				Total Primary Government	Percentage of Personal Income (3)	Per Capita (4)
	Notes Payable	Leases	Total Governmental Activities	General Obligation Bonds (1)	Certificates of Obligation Bonds (1)	Notes Payable	Total Business type Activities			
2014	-	-	-	13,738,892	2,975,000	-	16,713,892	16,713,892	0.2278%	1,532.54
2015	-	-	-	13,667,167	1,840,000	-	15,507,167	15,507,167	0.2354%	1,421.89
2016	-	-	-	12,197,072	6,745,000	-	18,942,072	18,942,072	0.1965%	1,736.85
2017	290,000	-	290,000	10,696,978	6,405,000	-	17,101,978	17,391,978	0.1174%	1,594.72
2018	220,037	-	220,037	9,476,884	6,065,000	230,513	15,772,397	15,992,434	0.1859%	1,466.39
2019	148,694	-	148,694	8,211,789	5,725,000	156,255	14,093,044	14,241,738	0.2237%	1,305.86
2020	75,300	747,105	822,405	6,911,695	5,385,000	55,072	12,351,767	13,174,172	0.2592%	1,207.97
2021	-	604,914	604,914	5,606,416	9,632,000	9,398	15,247,814	15,852,728	0.2094%	1,492.44
2022	-	686,288	686,288	4,261,137	9,079,000	4,699	13,344,836	14,031,124	0.2466%	1,320.95
2023	-	536,958	536,958	2,870,858	8,521,000	-	11,391,858	11,928,816	0.3180%	1,123.03

Notes:

- 1 Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statements.
- 2 The City's bonded debt is only in its Business - Type Activities.
- 3 Estimated Personal Income source: Texas Association of Counties
- 4 Estimated Population Source: Texas Association of Counties

CITY OF SWEETWATER, TEXAS
Ratios of General Bonded Debt Outstanding,
Last 10 Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Certificates of Obligation Bonds (1)	Total	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	% of Actual Taxable Value of Property (2)	Per Capita (3)
2014	13,738,892	2,975,000	16,713,892	759,967	15,953,925	4.01%	1,462.86
2015	13,667,166	1,840,000	15,507,166	817,153	14,690,013	3.43%	1,346.97
2016	12,197,072	6,745,000	18,942,072	821,408	18,120,664	3.90%	1,661.53
2017	10,696,978	6,405,000	17,101,978	831,373	16,270,605	3.52%	1,491.89
2018	9,476,884	6,065,000	15,541,884	848,974	14,692,910	3.28%	1,347.23
2019	8,211,789	5,725,000	13,936,789	875,411	13,061,378	2.87%	1,197.63
2020	6,911,695	5,385,000	12,296,695	891,829	11,404,866	2.44%	1,045.74
2021	5,606,416	9,632,000	15,238,416	589,498	14,648,918	3.01%	1,379.11
2022	4,261,137	9,079,000	13,340,137	634,725	12,705,412	2.51%	1,196.14
2023	2,870,858	8,521,000	11,391,858	660,017	10,731,841	1.95%	1,010.34

Notes:

- 1 Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statements.

General:

- 2 Central Appraisal District of Nolan County
- 3 City of Sweetwater Finance Department

CITY OF SWEETWATER, TEXAS
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2023

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt(1)</u>
Debt repaid with property taxes			
Sweetwater Independent School District	\$ 42,543,000	47.2%	\$ 20,084,550
Nolan County	7,593,000	22.3%	1,691,720
Nolan County Hospital District	18,849,752	22.3%	4,199,725
Subtotal, Overlapping Debt			<u>25,975,995</u>
City of Sweetwater direct debt			(3) <u>536,958</u>
Total direct and overlapping debt			<u>\$ 26,512,953</u>
Total direct and overlapping debt percent of assessed taxable value			4.8%
Total direct and overlapping debt per Capita			\$2,496

Source: www.mactexas.com
Nolan County Central Appraisal District

Notes:

- 1 Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residence and businesses of Sweetwater. This process recognizes that, when considering the City of Sweetwater's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- 2 The percentage of government unit's total property value located with the City's limits.
- 3 All of the City's bonded debt are for business-type activities of the self-supporting Waterworks and Sewer system therefore excluded from this schedule. The City's bonds are secured by a first lien pledge of the net revenues of the water and wastewater system in a addition to a pledge of ad valorem taxes levied against all taxable property located with in the City's limits.

CITY OF SWEETWATER, TEXAS
Legal Debt Margin Information
Last 10 Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$550,521,035
Debt limit ¹	13,763,026
(\$2.50 hundred dollar valuation)	
Debt applicable to limit:	
Total bonded debt	1,980,019
Less: Amount set aside for	
repayment of certificate of	
obligation debt	(660,017)
Total net debt applicable to limit	<u>1,320,002</u>
Legal debt margin	<u>\$ 12,443,024</u>

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 9,941,110	\$ 10,697,024	\$ 11,629,821	\$ 11,561,604	\$ 11,184,114	\$ 11,371,615	\$ 11,678,676	\$ 12,158,929	\$ 12,638,189	\$ 13,763,026
Total net debt applicable to limit	1,109,168	1,784,680	902,069	1,162,225	819,047	810,405	788,610	1,144,754	1,340,436	1,320,002
Legal debt margin	<u>\$ 8,831,942</u>	<u>\$ 8,912,344</u>	<u>\$ 10,727,752</u>	<u>\$ 10,399,379</u>	<u>\$ 10,365,067</u>	<u>\$ 10,561,210</u>	<u>\$ 10,890,066</u>	<u>\$ 11,014,175</u>	<u>\$ 11,297,753</u>	<u>\$ 12,443,024</u>
Total net debt applicable to limit as a percentage of debt limit	11.2%	16.7%	7.8%	10.1%	7.3%	7.1%	6.8%	9.4%	10.6%	9.6%

Notes:
¹ The Constitution of the State of Texas limits the maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation for home -rule cities

CITY OF SWEETWATER, TEXAS
Pledged-Revenue Coverage,
Last 10 Fiscal Years

Water Revenue Bonds						
Fiscal Year	Water and Sewer Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2014	7,008,459	4,548,917	2,459,542	1,295,000	574,135	1.32
2015	6,697,673	4,310,847	2,386,826	2,090,000	511,834	0.92
2016	7,250,798	4,373,949	2,876,849	1,440,000	283,477	1.67
2017	7,350,802	4,384,432	2,966,370	1,715,000	278,598	1.49
2018	7,624,129	4,667,326	2,956,803	1,435,000	233,021	1.77
2019	7,377,819	4,829,180	2,548,639	1,480,000	205,816	1.51
2020	7,951,268	5,024,384	2,926,884	1,515,000	165,439	1.74
2021	8,112,757	4,674,891	3,437,866	1,550,000	184,252	1.98
2022	8,667,849	5,233,482	3,434,367	1,803,000	172,161	1.74
2023	9,111,314	6,148,068	2,963,246	1,853,000	127,019	1.50

Notes:

- (1) Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statement. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF SWEETWATER, TEXAS
Demographic and Economic Statistics,
Most Recently Available Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	10,906	\$572,484,000	\$38,072	38.7	2,196	4.6%
2015	10,906	\$550,910,000	\$36,501	37.6	2,169	3.5%
2016	10,906	\$562,315,000	\$37,222	37.4	2,126	4.3%
2017	10,906	\$434,402,267	\$20,415	38.2	2,222	4.6%
2018	10,906	\$439,028,155	\$29,725	37.8	2,152	3.4%
2019	10,906	\$469,908,791	\$31,856	37.8	2,158	3.5%
2020	10,906	\$502,399,410	\$34,144	38.0	2,137	5.9%
2021	10,622	\$488,519,748	\$33,201	38.0	2,076	4.1%
2022	10,622	\$513,391,000	\$34,607	38.0	2,052	3.3%
2023	10,622	\$553,678,777	\$37,931	38.4	1,940	3.6%

Sources:

- (1) Population information, Personal income information and median age was obtained from the Texas Association of Counties (TAC) website.
- (2) School Enrollment was obtained from the Texas Education Agency website.
- (3) The unemployment rate was obtained from the Texas Workforce Commission.

CITY OF SWEETWATER, TEXAS
Principal Employers,
Current Year and Ten Years Ago

Employer	FY 2023			FY 2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Ludlum Measurements	410	1	6.1%	425	1	7.0%
Sweetwater ISD	399	2	5.9%	390	2	6.4%
Rolling Plains Hospital	350	3	5.2%	251	3	4.1%
United States Gypsum	240	4	3.5%	215	5	3.5%
Georgia Pacific	190	5	2.8%			
Wal-Mart	170	6	2.5%	250	4	4.1%
City of Sweetwater	148	7	2.2%	135	7	2.2%
Buzzi Unicem/Lone Star Cement	129	8	1.9%	105	9	1.7%
Nolan County	113	9	1.7%	100	10	1.6%
Crest Pumping Technologies	105	10	1.6%	120	8	2.1%
Texas State Technical College				137	6	2.2%
MHMR				100	10	1.6%
Total	2,254		33.3%	2,228		36.5%

Source:

Sweetwater Enterprise for Economic Development.
Texas Workforce Commission

CITY OF SWEETWATER, TEXAS
**Full-Time Equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years**

Function Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.25	3.25
Finance	3.00	3.20	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Court and Legal	1.00	1.00	1.00	1.00	0.50	0.50	1.00	1.00	1.00	1.00
Planning and Development	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	4.25	4.25
Police										
Officers	22.00	22.00	22.00	23.00	24.00	25.00	25.00	25.00	25.00	25.00
Civilians	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	8.25	9.25
Firefighters and officers	14.00	15.00	16.00	16.00	15.00	15.00	15.00	15.00	19.00	17.00
Civilians	-	-	-	-	-	-	-	-	-	-
Street and Signals	7.25	7.25	7.25	7.25	6.75	6.75	6.75	6.75	6.50	7.00
Animal Control	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.25
Parks and Recreation	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.50	6.25
Golf Course	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Aquatics	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50
Airport	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-
S.N.A.P.	5.25	5.25	5.25	5.25	4.75	4.75	4.50	4.50	4.25	4.25
Water										
Billing and Collections	2.50	2.70	2.50	2.50	3.00	3.00	3.00	2.50	2.50	2.50
Source of Supply	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95
Water Purification	4.20	4.20	4.20	5.20	4.95	5.20	5.20	5.20	5.45	5.20
Water Distribution	9.20	9.20	9.20	9.20	9.20	10.20	11.20	11.20	10.20	10.20
Wastewater Collection	2.20	2.20	2.20	2.20	2.20	2.20	1.20	1.20	3.20	3.20
Wastewater Treatment	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	5.20
Emergency Medical Services										
Paramedic/Firefighters/Officers	10.00	10.00	10.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00
Civilians	1.00	1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25
Refuse										
Refuse Collection -Residential	5.75	5.85	5.75	5.75	5.75	5.75	5.75	-	-	-
Refuse Disposal	3.50	3.50	3.50	3.50	3.75	3.75	3.75	5.75	6.50	6.00
Refuse Collection-Commercial	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-	-	-
Internal Services and Stores	10.00	10.20	13.00	13.00	12.50	11.50	12.50	11.50	10.50	10.50
Cemetery	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.25
Total Full Time Equivalents	136.50	138.40	142.50	145.50	144.00	146.25	147.50	139.25	148.25	148.50

Source: City Human Resource Department

CITY OF SWEETWATER, TEXAS
Operating Indicators by Function/Program,
Last Ten Available Fiscal Years

Function Program	Fiscal Year				
	2014	2015	2016	2017	2018
Code Enforcement					
Building permits issued	168	159	230	480	238
Violation notices mailed					
Weeds	312	392	287	257	216
Junk	53	37	28	17	36
Other	121	126	72	47	65
Identified substandard structure	41	8	7	10	150
Police					
Crimes against person	612	533	673	643	617
Crimes against property	1,056	1,137	1,383	1,037	1,035
Traffic citations	569	594	547	881	2,153
Request for service	21,928	23,453	19,876	22,579	22,347
Persons arrested	923	977	1,020	583	537
Fire					
Fire calls in city	352	345	391	388	514
Fire calls out of city	247	409	279	282	388
Animal Control					
Dogs and cats impounded	687	668	658	435	422
Citizen calls	3,170	4,159	4,278	3,125	2,855
Golf Course					
Number of rounds played	3,956	3,336	3,413	4,495	4,702
Number of memberships	60	56	50	53	50
Swimming Pool					
Number of daily admissions	6,569	7,510	7,201	6,851	5,909
Water					
Gallons pumped	855,907,419	806,717,009	809,908,812	775,375,601	653,787,802
Gallons treated	474,191,919	713,665,836	726,647,812	706,525,601	767,874,168
Average daily consumption	2.1MGD	1.9MGD	1.98MGD	1.93MGD	2.2MGD
Peak Consumption	3.1MGD	2.8MGD	2.9MGD	2.7MGD	2.8MGD
Wastewater					
Average daily sewage treatment	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD
Emergency Medical Service					
Ambulance calls within city	1,146	1,123	909	947	940
Ambulance calls total	2,244	2,218	2,057	1,945	1,910
Refuse					
Residential tons collected	5,933	5,825	5,775	5,454	6,502
Commercial ton collected	3,807	4,016	4,330	4,106	4,196

Sources: Various City departments

Note:

1. Million Gallons per day is abbreviated MGD for reporting purposes
2. The City contracted with an outside refuse sanitation service October 1, 2020

2019	2020	2021	2022	2023
296	311	250	144	660
322	272	186	324	278
15	137	20	241	158
8	77	4	121	20
2	11	26	135	43
706	398	297	587	584
1,119	775	516	553	330
592	494	514	2,091	1,644
25,646	24,222	24,416	23,785	24,081
574	489	393	492	445
517	524	577	438	456
285	285	279	264	142
624	504	552	535	520
4,404	4,737	4,683	4,285	3,311
5,434	6,660	6,586	5,264	4,820
54	72	88	62	63
5,673	0	6,368	5,932	6,201
756,741,200	745,863,039	742,352,262	803,626,467	784,124,739
728,918,742	730,467,240	723,576,925	783,485,858	775,694,402
2.0 MGD	2.0 MGD	2.0 MGD	2.2 MGD	2.05 MGD
2.9 MGD	3.0 MGD	3.3 MGD	3.2 MGD	3.56 MGD
1.3 MGD	1.0 MGD	1.0 MGD	1.0 MGD	1.0 MGD
888	733	789	859	971
2,037	1,919	2,133	2,040	1,908
6,499	5,958	0	0	0
4,268	4,873	0	0	0

CITY OF SWEETWATER, TEXAS
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	22	22	22	26	26	26	27	28	33
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue Trucks	6	8	8	8	8	8	8	9	11	8
Other public works										
Streets (miles)	84.76	84.76	84.76	84.76	84.76	84.76	84.76	84.76	84.76	85.06
Streetlights	816	817	808	808	808	808	808	808	809	809
Traffic signs	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,153
Parks and recreation										
Swimming pools	1	1	1	1	1	1	1	1	1	1
Parks	5	5	5	5	5	5	5	5	5	5
Parks - acreage	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085
Baseball/softball diamonds	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	191	194	198	198	198	198	198	198	198	199
Fire hydrants	443	460	461	462	467	467	467	472	474	496
Storage capacity (MG)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2
Sewage										
Sanitary sewers (miles)	123	123	123	123	123	123	123	123	123	124
Treatment capacity (MGD)	2	2	2	2	2	2	2	2	2	2
Ambulance Services										
Ambulances	4	4	4	4	4	4	4	4	4	4

Sources: Various City departments

Note: Million Gallons per day is abbreviated MGD for reporting purposes

GOVERNMENT AUDITING STANDARDS SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor Jim McKenzie and
Members of the City Council
Sweetwater, Texas

I 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sweetwater, Texas, (City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued my report thereon dated March 8, 2024.

Report on Internal Control over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Cathrine Wilks CPA LLC

Sweetwater, Texas

March 8, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor Jim McKenzie and
Members of the City Council
Sweetwater, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited the City of Sweetwater, Texas's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Cathrine Wilks CPA LLC

Sweetwater, Texas
March 8, 2024

CITY OF SWEETWATER, TEXAS

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2023

I. Summary of the Auditor's Results:

Type of Report on Financial Statements	Unmodified
Significant deficiencies required to be reported in this schedule in the audit of the financial statements.	None
Noncompliance Material to the Financial Statements	None
Significant deficiencies required to be reported in this schedule in the audit of the major programs	None
Type of Report on Compliance with Major Programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2CFR 200.516 (a) of the Uniform Guidance	None
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Low Risk Auditee Statements	The City was not considered a low-risk auditee in the context of the Uniform Guidance.
Major Federal Programs	Assistance Listing 21.027 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

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

None

III. Findings and Questioned Costs for Federal Awards

None

CITY OF SWEETWATER, TEXAS

Summary Schedule of Status of Prior Audit Findings For the Year Ended September 30, 2023

There were no prior audit findings.

CITY OF SWEETWATER, TEXAS

Schedule of Expenditures of Federal Awards September 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Identity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Direct Program:			
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	353-71540-00	\$ 2,135,476
Total U.S. Department of Treasury			<u>\$ 2,135,476</u>
Environmental Protection Agency			
Passed through Texas Water Development Board			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62897-L1001194	\$ 261,511
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62897-L1001212	31,162
Total Drinking Water State Revolving Fund Cluster			<u>292,673</u>
Capitalization Grant for Clean Water State Revolving Fund	66.458	73892-L1001195	57,008
Total Clean Water State Revolving Fund Cluster			<u>57,008</u>
Total Environmental Protection Agency			<u>\$ 349,681</u>
U.S. Department of Health and Human Services			
Passed through West Central Texas Council of Governments:			
Special Program for the Aging - Title III, Part C - Nutrition Services	93.045		\$ 31,185
Total Aging Cluster			<u>\$ 31,185</u>
Social Services Block Grant	93.667		57,174
Total Department of Health and Human Services			<u>\$ 88,359</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,573,516</u></u>

CITY OF SWEETWATER, TEXAS

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2023

Note 1: General

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal award activity of the primary government of the City of Sweetwater, Texas (City) under programs of the federal government for the year ended September 30, 2023. The City's reporting entity is defined in Note (1)(B) in the City's basic financial statements for the year ended September 30, 2023.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

Note 2: Basis of Accounting

Governmental fund expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Proprietary fund expenses reported on the Schedule are reported on the accrual basis of accounting. The City's summary of significant accounting policies is presented in Note (1) to the City's basic financial statements for the year ended September 30, 2023. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Federal Loan Program

In the fiscal year ending September 30, 2021, the City received two low interest loans. The first is a \$2,187,000 capitalization grant from the Drinking Water State Revolving Funds, Assistance Listing Number 66.468. The City's expenditures of this grant are as follows:

	Expended
FY Ending 9/30/2021	\$111,711
FY Ending 9/30/2022	-
FY Ending 9/30/2023	261,511
Total	<u>\$373,222</u>

The second federal loan program was a Capitalization Grant for Clean Water State Revolving Funds in the amount of \$2,400,000. The funds expended are as follows:

	Expended
FY Ending 9/30/2021	\$157,433
FY Ending 9/30/2022	47,892
FY Ending 9/30/2023	57,008
Total	<u>\$262,333</u>

Note 4: Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate.