

ANNUAL FINANCIAL REPORT

CITY OF WILSON, TEXAS

FOR THE FISCAL YEAR ENDED MARCH 31, 2024

CITY OF WILSON
Wilson, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended March 31, 2024

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CITY OF WILSON
Wilson, Texas

March 31, 2024

CITY COUNCIL

Randy Dunn

Mayor

Helen Stephenson

Mayor Pro-Tem

David Maldonado

Councilperson

Clyde Wilke

Councilperson

Adam Ramirez

Councilperson

Pat Cates

Councilperson

ADMINISTRATIVE STAFF

Susann Follis

City Secretary

FINANCIAL SECTION

Terry & King, CPAs, P.C.

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P.O. Box 93550
Lubbock, TX 79493-3550

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Randel J. Terry, CPA
Ryan R. King, CPA

Independent Auditors' Report

Honorable Mayor and City Council
City of Wilson, Texas
P.O. Box 22
Wilson, Texas 79381-0022

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, identified as required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

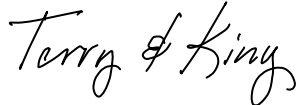
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilson, Texas' basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are 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 our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the City of Wilson, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wilson, Texas' 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 of Wilson, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terry & King".

Terry & King, CPAs, P.C.
Lubbock, Texas
June 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Wilson's financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2024. Please read this in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. While net position of our business-type activities decreased by \$46,451 or approximately 4%, net position of our governmental activities increased by \$126,464.
- During the year, the City had expenses that were \$124,168 less than the \$317,525 generated in tax and other revenues for governmental programs prior to interfund transfers.
- The total cost of all of the City's programs was \$479,448.
- The General Fund reported a surplus this year of \$104,312 after receiving a transfer from the Water & Sewer Fund of \$2,296.
- The resources available for appropriation were \$8,006 more than budgeted for the General Fund. Expenditures were \$75,760 less than budgeted for the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole -- The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in it. You can think of the City's net position—the differences between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the fire department, public works, and parks departments, and general administration. Property taxes, franchise taxes, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City's water and sewer system are reported here.

Reporting the City's Most Significant Funds – Fund Financial Statements

Our analysis of the City's major funds begins on page 10. The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. At times a city council may establish other funds to help it control and manage money for particular purposes, such as special projects or to show that it is meeting legal responsibilities for using certain Federal or State grants. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds*—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The Governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation on Exhibits C-1R and C-3.
- *Proprietary funds*—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's combined net position changed from a year ago—*increasing* from \$2,149,995 to \$2,230,008. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's government and business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$2,230,008 at March 31, 2024. (See Table A-1).

Table A-1
City of Wilson's Net Position

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Percentage Change	2024	2023	Percentage Change	2024	2023	Percentage Change
Current assets:									
Cash in Bank	848,827	745,299	14%	145,605	210,994	-31%	994,432	956,293	4%
Accounts Receivable, net	-	-	0%	20,242	26,685	-24%	20,242	26,685	-24%
Taxes Receivable, net	35,317	27,285	29%	-	-	0%	35,317	27,285	29%
Due from Other Governments	3,336	3,623	-8%	-	-	0%	3,336	3,623	-8%
Interfund Balances	-	-	0%	-	-	0%	-	-	0%
Total current assets:	887,480	776,207	14%	165,847	237,679	-30%	1,053,327	1,013,886	4%
Noncurrent assets:									
Leases Receivable	6,661	9,943	-33%				6,661	9,943	-33%
Land	800	800	0%	129,129	129,129	0%	129,929	129,929	0%
Infrastructure, net	24,885	27,233	-9%	-	-	0%	24,885	27,233	-9%
Buildings, net	193,520	200,740	-4%	371	401	-7%	193,891	201,141	-4%
Equipment	96,654	78,551	23%	1,709,046	1,798,405	-5%	1,805,700	1,876,956	-4%
Total noncurrent assets	322,520	317,267	2%	1,838,546	1,927,935	-5%	2,161,066	2,245,202	-4%
Total Assets	1,210,000	1,093,474	11%	2,004,393	2,165,614	-7%	3,214,393	3,259,088	-1%
Current liabilities:									
Accounts Payable	5,474	6,545	-16%	9,106	58,387	-84%	14,580	64,932	-78%
Customer Deposits	-	-	0%	16,963	16,792	1%	16,963	16,792	1%
Accrued Interest Expense	-	-	0%	1,181	1,256	-6%	1,181	1,256	-6%
Total current liabilities	5,474	6,545	-16%	27,250	76,435	-64%	32,724	82,980	-61%
Noncurrent liabilities:									
Due within one year	-	2,529	-100%	60,000	62,529	-4%	60,000	65,058	-8%
Due in more than one year	-	3,056	-100%	885,000	948,056	-7%	885,000	951,112	-7%
Total noncurrent liabilities	-	5,585	-100%	945,000	1,010,585	-6%	945,000	1,016,170	-7%
Total Liabilities	5,474	12,130	-55%	972,250	1,087,020	-11%	977,724	1,099,150	-11%
Total Deferred Inflows of Resources	6,661	9,943	-33%	-	-	0%	6,661	9,943	-33%
Net Position:									
Net Investment in Capital Assets	315,859	301,739	5%	893,546	917,350	-3%	1,209,405	1,219,089	-1%
Restricted for:									
Debt Service	-	-	0%	13,360	7,340	82%	13,360	7,340	82%
Unrestricted	882,006	769,662	15%	125,237	153,904	-19%	1,007,243	923,566	9%
Total Net Position	1,197,865	1,071,401	12%	1,032,143	1,078,594	-4%	2,230,008	2,149,995	4%

Net position of the City's governmental activities increased (\$1,197,865 compared to \$1,071,401). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$769,662 at March 31, 2023 to \$882,006 at the end of this year. Net position of the City's business-type activities decreased by 4% from \$1,078,594 to \$1,032,143.

Table A-2
Changes in City of Wilson's Net Position

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Percentage Change	2024	2023	Percentage Change	2024	2023	Percentage Change
Program Revenues:									
Charges for Services	3,432	3,375	2%	240,632	250,657	-4%	244,064	254,032	-4%
Grants & Contributions	76,495	64,282	19%	-	119,080	-100%	76,495	183,362	-58%
General Revenues:									
Property Taxes	161,112	155,066	4%	-	-	0%	161,112	155,066	4%
Nonproperty Taxes	62,328	73,432	-15%	-	-	0%	62,328	73,432	-15%
Investment Earnings	12,158	2,168	461%	1,304	329	296%	13,462	2,497	439%
Other	-	1,837	-100%	-	-	0%	-	1,837	-100%
	315,525	300,160	5%	241,936	370,066	-35%	557,461	670,226	-17%
Expenses:									
General Administration	76,583	70,952	8%	-	-	0%	76,583	70,952	8%
Public Safety	33,622	45,962	-27%	-	-	0%	33,622	45,962	-27%
Streets and Service	83,000	82,684	0%	-	-	0%	83,000	82,684	0%
Interest on L-T Debt	152	341	-55%	-	-	0%	152	341	-55%
Water and Sewer	-	-	0%	286,091	278,108	3%	286,091	278,108	3%
	193,357	199,939	-3%	286,091	278,108	3%	479,448	478,047	0%
Change in Net Position before Transfers & Other	122,168	100,221	22%	(44,155)	91,958	-148%	78,013	192,179	-59%
Gain on Sale of Asset	2,000	-	0%	-	-	0%	2,000	-	100%
Transfers In (Out)	2,296	(96,421)	-102%	(2,296)	96,421	-102%	-	-	0%
Increase (Decrease) in Net Position	126,464	3,800	3228%	(46,451)	188,379	-125%	80,013	192,179	-58%
Net Position, Beginning	1,071,401	1,067,601	0%	1,078,594	890,215	21%	2,149,995	1,957,816	10%
Net Position, Ending	1,197,865	1,071,401	12%	1,032,143	1,078,594	-4%	2,230,008	2,149,995	4%

The City's total revenues were \$557,461. A significant portion, 43%, of the City's total revenue comes from the water and sewer operations. Revenues available to fund governmental activities consist of property taxes (51%), non-property taxes (20%), earnings on investments (4%), grants and contributions (24%), and other (1%).

The total cost of all programs and services was \$479,448; 60% of these costs were for water and sewer production and administration expenses. Expenses for governmental activities consisted of costs for general administration (40%), public safety (17%), and streets and services (43%).

Governmental Activities

Revenues for the City's governmental activities were \$315,525, while total expenses were \$193,357.

- The ad valorem tax levy for the previous fiscal year was \$151,229, compared to \$157,644 for the current year. Tax collections for the current fiscal year were \$148,402.
- The cost of all *governmental* activities this year was \$193,357. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through tax collections was only \$161,112 because some of the costs were paid by those who directly benefited from the programs (\$3,432), by nonproperty taxes (\$62,328), or by grants and contributions (\$76,495). Overall, the City's governmental program revenues, including intergovernmental aide and fees for services, were \$317,525.

Business-type Activities

Revenues of the City's business-type activities (see table A-2) were \$241,936. Charges for services decreased 4% to \$240,632. Expenditures increased 3% from \$278,108 in the previous year to \$286,091 in the current fiscal year.

THE CITY'S FUNDS

As the City completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a *combined* fund balance of \$846,689, which is an increase from the prior year's total of \$742,377. The following items effecting fund balance should be noted:

- General Administrative expenditures increased \$5,631.
- Public Safety expenditures decreased \$24,006.
- Streets and Service expenditures increased \$14,924.
- Revenues increased \$12,729. Property tax revenues increased \$3,410. Non property taxes decreased \$11,104. County capital contributions increased \$25,950. Fire department donations decreased \$16,491.

General Fund Budgetary Highlights

Actual expenditures were \$75,760 less than the final budget amounts for the General Fund. Revenues were \$8,006 more than budgeted in the current period.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the City had \$4,835,481 invested in a broad range of capital assets, including fire equipment, buildings, furniture and equipment, streets, and water and sewer facilities (see Table A-3). This amount represents a net increase (including additions and deductions) of \$66,096 over last year.

Table A-3
Fixed Assets

Governmental Activities:	Balance 04-01-23	Additions	Deletions/ Reclassifications	Balance 03-31-24
Land	\$ 800	-	-	800
Infrastructure	517,852	-	-	517,852
Buildings& Improvements	343,923	-	-	343,923
Furniture & Equipment	441,500	39,700	(8,000)	473,200
Accumulated Depreciation	(996,751)	(31,166)	8,000	(1,019,917)
Net Capital Assets	\$ 307,324	\$ 8,534	\$ -	\$ 315,858

Business-Type Activities:	Balance 04-01-23	Additions	Deletions/ Reclassifications	Balance 03-31-24
Land	\$ 129,129	-	-	129,129
Buildings& Improvements	11,698	-	-	11,698
Furniture & Equipment	3,324,483	34,396	-	3,358,879
Accumulated Depreciation	(1,537,375)	(123,785)	-	(1,661,160)
Net Capital Assets	\$ 1,927,935	\$ (89,389)	\$ -	\$ 1,838,546

The City's major capital expenditures consisted of the following:

- Storm Siren - \$25,950
- Tractor - \$27,500
- Sewer Pump - \$20,646

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

Debt

The City issued debt in fiscal year 2010 for the construction of a new sewer plant. Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009 were issued in the amount of \$1,705,000 with an effective interest rate of 1%. These payments will be made on August 15th and February 15th of each year beginning August 15, 2010 and ending February 15, 2039.

The City borrowed funds from a local bank for the purchase of a vehicle. The note has an effective interest rate of 4.25%. This note and the related asset is split equally by the General Fund and Water & Sewer Fund, therefore, debt service payments are being paid equally by each fund. \$305 was incurred and charged to interest expense in the current period.

Governmental <u>Activities:</u>	Balance <u>04-01-23</u>	<u>Additions</u>	<u>Decreases</u>	Balance <u>03-31-24</u>	Due Within <u>One Year</u>
Notes from Direct Borrowings	\$ 5,585	\$ -	\$ 5,585	\$ -	\$ -
Business-Type <u>Activities:</u>	Balance <u>04-01-23</u>	<u>Additions</u>	<u>Decreases</u>	Balance <u>03-31-24</u>	Due Within <u>One Year</u>
Certificates of Obligation, Series 2009	\$ 1,005,000	\$ -	\$ 60,000	\$ 945,000	\$ 60,000
Notes from Direct Borrowings	\$ 5,585	\$ -	\$ 5,585	\$ -	\$ -

More detailed information about the City's long-term obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials considered many factors when setting the fiscal year 2024 budget, tax rates, and fees. Factors considered include the current economy, property tax values and the needs of the City in the coming year.

The property tax values remained basically unchanged. The Council has adopted tax rates, budgets and set fees accordingly. It is planned that the City's Net Position at the end of the fiscal year ending March 31, 2025 will remain basically the same with perhaps a slight increase.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Secretary at the City's office in Wilson, Texas.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

CITY OF WILSON
Wilson, Texas

STATEMENT OF NET POSITION
March 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents - unrestricted	\$ 848,827	\$ 132,245	\$ 981,072
Cash and Cash Equivalents - restricted	-	13,360	13,360
Accounts Receivable, net	-	20,242	20,242
Taxes Receivable, Net	35,317	-	35,317
Due from Other Governments	3,336	-	3,336
Lease Receivable	6,661	-	6,661
Capital Assets:			
Land	800	129,129	129,929
Infrastructure, net	24,885	-	24,885
Buildings, net	193,520	371	193,891
Equipment, net	96,654	1,709,046	1,805,700
<u>TOTAL ASSETS</u>	<u>\$ 1,210,000</u>	<u>\$ 2,004,393</u>	<u>\$ 3,214,393</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 5,474	\$ 9,106	\$ 14,580
Customer Deposits	-	16,963	16,963
Accrued Interest Expense	-	1,181	1,181
Noncurrent Liabilities:			
Due within one year	-	60,000	60,000
Due in more than one year	-	885,000	885,000
<u>Total Liabilities</u>	<u>\$ 5,474</u>	<u>\$ 972,250</u>	<u>\$ 977,724</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows - Lease Receivable	\$ 6,661	\$ -	\$ 6,661
<u>Total Deferred Inflows of Resources</u>	<u>\$ 6,661</u>	<u>\$ -</u>	<u>\$ 6,661</u>
NET POSITION			
Net Investment in Capital Assets	\$ 315,859	\$ 893,546	\$ 1,209,405
Restricted For:			
Debt Service	-	13,360	13,360
Unrestricted	882,006	125,237	1,007,243
<u>Total Net Position</u>	<u>\$ 1,197,865</u>	<u>\$ 1,032,143</u>	<u>\$ 2,230,008</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

STATEMENT OF ACTIVITIES
Year Ended March 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Government Activities:							
General Administration	\$ 76,583	\$ 3,432	\$ -	\$ -	\$ (73,151)	\$ -	\$ (73,151)
Public Safety	33,622	-	50,545	25,950	42,873	-	42,873
Streets and Service	83,000	-	-	-	(83,000)	-	(83,000)
Interest on Long-Term Debt	152	-	-	-	(152)	-	(152)
<u>Total Government Activities</u>	<u>193,357</u>	<u>3,432</u>	<u>50,545</u>	<u>25,950</u>	<u>(113,430)</u>	<u>-</u>	<u>(113,430)</u>
Business-type Activities							
Water & Sewer	<u>286,091</u>	<u>240,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,459)</u>	<u>(45,459)</u>
Total Primary Government	<u>479,448</u>	<u>244,064</u>	<u>50,545</u>	<u>25,950</u>	<u>(113,430)</u>	<u>(45,459)</u>	<u>(158,889)</u>
General Revenues:							
Property Taxes, Levied for General Purposes					161,112	-	161,112
Franchise Taxes					29,584	-	29,584
Sales Taxes					32,744	-	32,744
Investment Earnings					12,158	1,304	13,462
Miscellaneous					-	-	-
Gain on Sale of Assets					2,000	-	2,000
Transfers					<u>2,296</u>	<u>(2,296)</u>	<u>-</u>
Total General Revenues and Transfers					<u>239,894</u>	<u>(992)</u>	<u>238,902</u>
Change in Net Position					126,464	(46,451)	80,013
Net Position -- Beginning of year					<u>1,071,401</u>	<u>1,078,594</u>	<u>2,149,995</u>
Net Position -- Ending					<u>\$ 1,197,865</u>	<u>\$ 1,032,143</u>	<u>\$ 2,230,008</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

CITY OF WILSON
Wilson, Texas

BALANCE SHEET - GOVERNMENTAL FUNDS
March 31, 2024

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 848,827	\$ 848,827
Taxes Receivable, Net	35,317	35,317
Due from Other Governments	<u>3,336</u>	<u>3,336</u>
<u>TOTAL ASSETS</u>	<u>\$ 887,480</u>	<u>\$ 887,480</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 5,474	\$ 5,474
<u>Total Liabilities</u>	<u>5,474</u>	<u>5,474</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue - Property Taxes	\$ 35,317	\$ 35,317
<u>Total Deferred Inflows of Resources</u>	<u>35,317</u>	<u>35,317</u>
FUND BALANCES:		
Committed:		
Capital Expenditures	3,740	3,740
Fire Department Expenditures	181,537	181,537
Unassigned	<u>661,412</u>	<u>661,412</u>
<u>Total Fund Balances</u>	<u>846,689</u>	<u>846,689</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 887,480</u>	<u>\$ 887,480</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
March 31, 2024

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 846,689
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	35,317
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>315,859</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 1,197,865</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2024

	General Fund	Total Governmental Funds
REVENUES:		
Property Taxes (Including Penalty and Interest)	\$ 153,080	\$ 153,080
Franchise Taxes	29,584	29,584
Sales Taxes	32,744	32,744
Licenses and Permits	100	100
Intergovernmental	25,950	25,950
Rents	3,332	3,332
Donations	47,791	47,791
State Grants	2,754	2,754
Interest	12,158	12,158
Miscellaneous	-	-
<u>Total Revenues</u>	<u>307,493</u>	<u>307,493</u>
EXPENDITURES:		
Current:		
General Administration	73,646	73,646
Public Safety	39,592	39,592
Streets and Service	88,502	88,502
Principal on Long-Term Debt	5,585	5,585
Interest on Long-Term Debt	152	152
<u>Total Expenditures</u>	<u>207,477</u>	<u>207,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,016	100,016
Other Financing Sources and (Uses):		
Sale of Assets	2,000	2,000
Transfers	2,296	2,296
<u>Total Other Financing Sources and (Uses)</u>	<u>4,296</u>	<u>4,296</u>
Net Change in Fund Balances	104,312	104,312
Fund Balances -- Beginning	<u>742,377</u>	<u>742,377</u>
<u>Fund Balances -- Ending</u>	<u>\$ 846,689</u>	<u>\$ 846,689</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2024

Net Change in Fund Balances -- Total Governmental Funds	\$ 104,312
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period.	39,700
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(31,165)
Certain property tax revenues are unavailable in the funds. These are the amounts that have not been collected and therefore do not provide current financial resources. This is the amount that these accounts have changed during the current period.	8,032
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments:	<u>5,585</u>
Change in Net Position -- Statement of Activities	<u>\$ 126,464</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D-1

CITY OF WILSON
Wilson, TexasSTATEMENT OF NET POSITION - PROPRIETARY FUNDS
March 31, 2024

	Business-Type Activities
	Water & Sewer Fund
ASSETS:	
Cash and Cash Equivalents - unrestricted	\$ 132,245
Cash and Cash Equivalents - restricted	13,360
Accounts Receivable - Utilities, net (allowance for uncollectible accounts of \$9,174)	20,242
Property, Plant and Equipment	
Land	129,129
Buildings, net	371
Equipment, net	1,709,046
<u>TOTAL ASSETS</u>	<u>\$ 2,004,393</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 9,106
Accrued Interest Expense	1,181
Customer Deposits	16,963
Noncurrent Liabilities:	
Due within one year	60,000
Due in more than one year	885,000
<u>Total Liabilities</u>	<u>972,250</u>
NET POSITION	
Net investment in capital assets	893,546
Restricted For:	
Debt Service	13,360
Unrestricted	125,237
<u>Total Net Position</u>	<u>1,032,143</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--
Proprietary Funds
For the Year Ended March 31, 2024

	Business-Type Activities Water & Sewer Fund
<u>Operating Revenues</u>	
Current Use Charges	\$ 228,566
Rents	5,400
Late Charges	3,781
Other Income	2,885
<u>Total Operating Revenues</u>	<u>240,632</u>
<u>Operating Expenses</u>	
Salaries	16,229
Retirement	282
Depreciation	123,785
Insurance	8,352
Miscellaneous	1,878
Office Supplies and Expense	4,577
Payroll Tax Expense	1,242
Permits and Tests	2,861
Professional Fees	861
Rents	500
Repairs and Supplies	4,693
Trash Collection Expense	65,002
Utilities	15,445
Water Expense	24,871
Waste Water Expense	5,385
<u>Total Operating Expenses</u>	<u>275,963</u>
<u>Total Operating Revenue (Loss)</u>	<u>(35,331)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Expense	(10,128)
Interest Revenue	1,304
<u>Total Non-Operating Revenue (Expenses)</u>	<u>(8,824)</u>
<u>Contributions and Transfers</u>	
Capital Contribution - Grant Funds	-
Transfers	(2,296)
<u>Total Contributions and Transfers</u>	<u>(2,296)</u>
Change in Net Position	(46,451)
Net Position - Beginning of Year	1,078,594
Net Position, End of Year	<u>\$ 1,032,143</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D-3

CITY OF WILSON
Wilson, Texas

STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended March 31, 2024

	Business-Type Activities
	Water & Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 247,246
Payments to Suppliers	(151,827)
Payments to Employees	(17,753)
Net Cash Provided by Operating Activities	<u>77,666</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund Balances	-
Transfers from General Fund	(2,296)
Net Cash Provided by Noncapital Financing Activities	<u>(2,296)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments on Long-Term Debt	(75,788)
Purchases of Capital Assets	(66,275)
Net Cash Used by Capital and Related Financing Activities	<u>(142,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	1,304
Net Cash Provided by Investing Activities	<u>1,304</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(65,389)
Balances-Beginning of Year	<u>210,994</u>
<u>Balances-End of Year</u>	<u>\$ 145,605</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating Income	\$ (35,331)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	123,785
Changes in assets and liabilities:	
Receivables, net	6,443
Accounts and Other Payables	(17,231)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 77,666</u>

The accompanying notes are an integral part of this statement.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

Note A: Summary of Significant Accounting Policies

The City of Wilson, Texas was incorporated under the provisions of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities operations.

The basic financial statements of the City of Wilson have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants (AICPA), and by the Financial Accounting Standards Board (FASB), when applicable.

1. The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Wilson. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Wilson.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the over-reporting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTES TO FINANCIAL STATEMENTS, Page 2
March 31, 2024

Note A: Summary of Significant Accounting Policies (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all of taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund: This is the primary operating fund of the City. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

In addition, the City reports the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 3
March 31, 2024

Note A: Summary of Significant Accounting Policies--Continued

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus utilizing the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated in net investment in capital assets, restricted net position, and unrestricted net position.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4
March 31, 2024

Note A: Summary of Significant Accounting Policies (continued)

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Currently, \$13,360 is restricted for debt service.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. At March 31, 2024, the City had \$3,740 committed for capital expenditures and \$181,537 committed for fire department expenditures.

Unassigned: This classification includes the residual fund balance for the General Fund.

The City would typically use Restricted fund balances/net position first, followed by Committed resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned/Unrestricted resources first to defer the use of these other classified funds.

3. Financial Statement Amounts

a. Deposits and Investments

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

For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Investments for the City are reported at fair value.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1st for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
March 31, 2024

Note A: Summary of Significant Accounting Policies (continued)

b. Property Taxes (continued)

Allowance for uncollectible taxes receivables within the General Fund is based upon historical experience in collecting property taxes. As of March 31, 2024, the amount deemed uncollectible by this estimate was \$13,068. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect cost applicable to future periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office Equipment and Furniture	3-15
Computer Equipment	3

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of the period end.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6
March 31, 2024

Note A: Summary of Significant Accounting Policies (continued)

f. Interfund Activity

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

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

h. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

Note B: Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violations</u>	<u>Action Taken</u>
None Reported	Not Applicable

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7
March 31, 2024

Note C: 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 March 31, 2024, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$994,432 and the bank balance was \$997,249. The City's cash deposits at March 31 and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

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 general purpose financial statements disclosed that in the areas of investment practices, management reports an 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.

The City did not carry any temporary investments at March 31, 2024.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8
March 31, 2024

Note C: Deposits and Investments (continued)

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 9
March 31, 2024

Note D: Lease Receivable

The City, as lessor, has a lease agreement with a local farmer whereby a tract of land is being leased for the purpose of crop farming. The lease has an initial lease term of January 2020 and terminating on December 31, 2026.

The agreed rent to be paid by the Tenant to the City is the sum of \$3,380 per year. Lease income of \$3,282 and interest income of \$98 was recognized for the fiscal year ending March 31, 2024.

Future rental payments due from the tenant at March 31, 2024 are as follows:

Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending March 31,			
2025	\$ 3,314	\$ 66	\$ 3,380
2026	<u>3,347</u>	<u>33</u>	<u>3,380</u>
Totals	<u>\$ 6,661</u>	<u>\$ 99</u>	<u>\$ 6,760</u>

Note E: Capital Assets

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

<u>Governmental Activities</u>	<u>Balance 4-1-23</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance 3-31-24</u>
Land	\$ 800	\$ -	-	800
Infrastructure	517,852	-	-	517,852
Buildings& Improvements	343,923	-	-	343,923
Furniture & Equipment	<u>441,500</u>	<u>39,700</u>	<u>(8,000)</u>	<u>473,200</u>
Total Capital Assets	<u>\$1,304,075</u>	<u>\$ 39,700</u>	<u>\$ (8,000)</u>	<u>\$1,335,775</u>

	<u>Balance 4-1-23</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance 3-31-24</u>
<u>Less Accumulated Depreciation:</u>				
Infrastructure	\$ 490,619	\$ 2,348	\$ -	\$ 492,967
Buildings& Improvements	143,182	7,221	-	150,403
Furniture & Equipment	<u>362,950</u>	<u>21,597</u>	<u>(8,000)</u>	<u>376,547</u>
Total	<u>\$ 996,751</u>	<u>\$ 31,166</u>	<u>\$ (8,000)</u>	<u>\$ 1,019,917</u>
Net Capital Assets	<u>\$ 307,324</u>	<u>\$ 8,534</u>	<u>\$ -</u>	<u>\$ 315,858</u>

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 10
March 31, 2024

Note E: Capital Assets (continued)

Depreciation was charged to functions as follows:

General Administration	2,937
Public Safety	19,980
Streets and Service	<u>8,249</u>
	<u>\$31,166</u>

Business-Type Activities	Balance 4-1-23	Additions	Deletions/ Reclassifications	Balance 3-31-24
Land	129,129	-	-	129,129
Buildings& Improvements	11,698	-	-	11,698
Furniture & Equipment	65,450	13,750	-	79,200
Distribution System	898,297	-	-	898,297
Production System	217,683	-	-	217,683
Sewer System	<u>2,143,053</u>	<u>20,646</u>	<u>-</u>	<u>2,163,699</u>
Total Capital Assets	<u>\$3,465,310</u>	<u>\$ 34,396</u>	<u>\$ -</u>	<u>\$ 3,499,706</u>

	Balance 4-1-23	Additions	Deletions/ Reclassifications	Balance 3-31-24
<u>Less Accumulated Depreciation:</u>				
Buildings& Improvements	11,297	30	-	11,327
Furniture & Equipment	53,486	3,418	-	56,904
Distribution System	373,764	41,542	-	415,306
Production System	169,319	2,888	-	172,207
Sewer System	<u>929,509</u>	<u>75,907</u>	<u>-</u>	<u>1,005,416</u>
Total	<u>\$1,537,375</u>	<u>\$ 123,785</u>	<u>\$ -</u>	<u>\$ 1,661,160</u>
Net Capital Assets	<u>\$1,927,935</u>	<u>\$ (89,389)</u>	<u>\$ -</u>	<u>\$ 1,838,546</u>

Note F: Long-Term Obligations

The City borrowed funds for the construction of a new sewer plant. Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009 were issued in the amount of \$1,705,000 with an effective interest rate of 1%. These payments are due August 15th and February 15th of each year beginning August 15, 2010 and ending February 15, 2039. \$9,975 was incurred and charged to interest expense in the current period.

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
March 31, 2024

Note F: Long-Term Obligations (continued)

The City borrowed funds from a local bank for the purchase of a vehicle. The note has an effective interest rate of 4.25%. This note and the related asset is split equally by the General Fund and Water & Sewer Fund, therefore, debt service payments are being paid equally by each fund. \$305 was incurred and charged to interest expense in the current period.

Changes in long-term obligations for the year ended March 31, 2024 are as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes from Direct Borrowings	\$ 5,585	\$ -	\$ 5,585	\$ -	\$ -
<u>Total Governmental Funds:</u>	<u>\$ 5,585</u>	<u>\$ -</u>	<u>\$ 5,585</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificate of Obligation, Series 2009 Note Payable	\$ 1,005,000	\$ -	\$ 60,000	\$ 945,000	\$ 60,000
	<u>5,585</u>	<u>-</u>	<u>5,585</u>	<u>-</u>	<u>-</u>
<u>Total Business-Type Funds:</u>	<u>\$ 1,010,585</u>	<u>\$ -</u>	<u>\$ 65,585</u>	<u>\$ 945,000</u>	<u>\$ 60,000</u>

<u>Business-Type Activities</u>	<u>Notes from Direct Borrowings</u>		<u>Certificates of Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending March 31,				
2025	\$ -	\$ -	\$ 60,000	\$ 9,450
2026	-	-	60,000	8,850
2027	-	-	60,000	8,250
2028	-	-	60,000	7,650
2029	-	-	60,000	7,050
2030-2034	-	-	315,000	26,100
2035-2039	-	-	330,000	10,000
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 945,000</u>	<u>\$ 77,350</u>

CITY OF WILSON
Wilson, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
March 31, 2024

Note G: Litigation

There was no reportable litigation pending or in progress against the City at March 31, 2024.

Note H: Interfund Transfers

The Water & Sewer Fund transferred \$2,296 to the General Fund in the normal course of operations.

Note I: Retirement

The City contributes to Simplified Employee Pension (SEP) accounts for its employees. This is a defined contribution plan in which benefits depend solely on amounts contributed to the plan plus investment earnings. After an employee has attained one year of service with the City, the City contributes 8% of the employee's gross wages to the employee's SEP account. The contribution rate is determined at the discretion of the City Council annually. Employees are not allowed to contribute to their SEP. The City's contribution for each employee and interest earned in the employee's account are fully vested immediately. The City contributed \$2,740 to employee SEP accounts in the fiscal year ending March 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WILSON
Wilson, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Fiscal Year Ended March 31, 2024

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues</u>				
Property Taxes (Including Penalty and Interest)	\$ 158,387	\$ 158,387	\$ 153,080	\$ (5,307)
Franchise Taxes	40,000	40,000	29,584	(10,416)
Sales Taxes	30,000	30,000	32,744	2,744
Licenses and Permits	125	125	100	(25)
Intergovernmental	-	25,950	25,950	-
Rents	3,425	3,425	3,332	(93)
Donations	40,000	40,000	47,791	7,791
State Grants	-	-	2,754	2,754
Interest	1,500	1,500	12,158	10,658
Miscellaneous	100	100	-	(100)
<u>Total Revenues</u>	<u>273,537</u>	<u>299,487</u>	<u>307,493</u>	<u>8,006</u>
<u>Expenditures</u>				
<u>Current</u>				
General Administration	86,640	86,640	73,646	12,994
Public Safety	44,800	70,750	39,592	31,158
Streets and Service	120,110	120,110	88,502	31,608
Principal on Long-Term Debt	5,585	5,585	5,585	-
Interest on Long-Term Debt	152	152	152	-
<u>Total Expenditures</u>	<u>257,287</u>	<u>283,237</u>	<u>207,477</u>	<u>75,760</u>
<u>Other Financing Sources (Uses)</u>				
Sale of Assets	-	2,000	2,000	-
Operating Transfers In (Out)	-	-	2,296	2,296
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>2,000</u>	<u>4,296</u>	<u>2,296</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other Uses</u>	<u>16,250</u>	<u>18,250</u>	<u>104,312</u>	<u>86,062</u>
Fund Balance, Beginning of Year	<u>742,377</u>	<u>742,377</u>	<u>742,377</u>	<u>-</u>
<u>Fund Balance, End of Year</u>	<u>\$ 758,627</u>	<u>\$ 760,627</u>	<u>\$ 846,689</u>	<u>\$ 86,062</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF WILSON
Wilson, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended March 31, 2024

Years Ended March 31	Original Levy	Balance 4-1-23	Add: Current Levy	Less: Collections	Total Year's Adjustments	Balance 3-31-24
2014 and Prior	\$ --	\$ 4,939	\$ -	\$ 184	\$ -	\$ 4,755
2015	107,679	374	-	31	-	343
2016	110,478	432	-	82	-	350
2017	126,132	479	-	86	-	393
2018	133,958	700	-	269	-	431
2019	142,322	1,084	-	549	(18)	517
2020	145,376	2,525	-	969	(111)	1,445
2021	145,998	5,148	-	2,094	(114)	2,940
2022	151,229	24,131	-	15,000	(359)	8,772
2023	157,644	-	157,644	129,138	(66)	28,440
<u>Totals</u>		<u>\$ 39,812</u>	<u>\$ 157,644</u>	<u>\$ 148,402</u>	<u>\$ (668)</u>	<u>\$ 48,386</u>

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Independent Auditors' Report

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

To the Honorable Mayor and City Council
City of Wilson, Texas
P.O. Box 22
Wilson, Texas 79381-0022

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wilson, Texas, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Wilson's basic financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



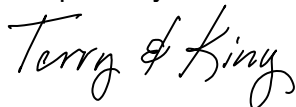
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wilson's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Terry & King".

Terry & King, CPAs, P.C.
Lubbock, Texas
June 4, 2024

CITY OF WILSON
Wilson, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2024

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

CITY OF WILSON
Wilson, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended March 31, 2024

Not Applicable - None