

ANNUAL FINANCIAL REPORT

CITY OF PLAINS, TEXAS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CITY OF PLAINS
Plains, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2023

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
City Council and Administrative Staff		1
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements		2
Management's Discussion and Analysis (Required Supplementary Information)		5
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	14
Statement of Activities	B-1	15
Governmental Fund Financial Statements:		
Balance Sheet-Governmental Funds	C-1	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-1R	17
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	C-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-3	19
Proprietary Fund Financial Statements		
Statement of Net Position	D-1	20
Statement of Revenues, Expenses, and Changes in Fund Net Position	D-2	21
Statement of Cash Flows	D-3	22
Notes to the Financial Statements		23
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedules:		
General Fund	E-1	46
Schedule of Changes in NPL and Related Ratios - TMRS	E-2	47
Schedule of Changes in OPEB Liability – TMRS	E-3	48
Schedule of Contributions for Pensions – TMRS	E-4	49
Schedule of Contribution for OPEB – TMRS	E-5	50
Notes to the Required Supplementary Information		51
OTHER SUPPLEMENTARY INFORMATION		
Combining Balance Sheet – All Enterprise Funds	F-1	53
Combining Statement of Revenues, Expenses and Changes in Net Position – All Enterprise Funds	F-2	54
Combining Statement of Cash Flows – All Enterprise Funds	F-3	55
Schedule of Delinquent Taxes Receivable	G-1	56
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		57

INTRODUCTORY SECTION

CITY OF PLAINS
Plains, Texas

September 30, 2023

CITY COUNCIL

Robert Whitfield

Mayor

Elsa Moya

Mayor Pro-tem

Vicki Bayer

Councilmember

Lela Garcia

Councilmember

Steven Lopez

Councilmember

Karen Williams

Councilmember

ADMINISTRATIVE STAFF

Steve Vasquez
Pam Rowe

City Administrator
City Secretary

FINANCIAL SECTION

Terry & King, CPAs, P.C.

5707 114th Street
P.O. Box 93550
Lubbock, TX 79493-3550

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

Telephone - (806) 698-8858 – Fax – (866) 288-6490

Independent Auditors' Report on Financial Statements

Honorable Mayor and City Council
City of Plains, Texas
P.O. Box 550
Plains, Texas 79355

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Plains, 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, budgetary comparison information, and Pension and OPEB schedules, 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.

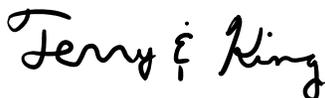
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Plains, 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 January 8, 2024, on our consideration of the City of Plains, 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 Plains, 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 Plains, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs, P.C.
Lubbock, Texas
January 8, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Plains' financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2023. 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 the net position of our business-type activities increased by \$560,413 or 24%, net position of our governmental activities increased by \$92,383 (4%).
- During the year, the City had expenses that were \$266,186 less than the \$918,585 generated in tax and other revenues for governmental programs before transfers.
- In the City's business type activities, charges for services increased \$38,988 to \$1,214,890 (or 3%). Operating expenses increased \$34,809 to \$1,252,159.
- The General Fund reported a surplus this year of \$192,826 prior to inter-fund transfers out of \$173,803.
- The resources available for appropriation were \$257,792 more than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by \$108,294.

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. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

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 the changes to its position. 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. 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 ambulance, fire, 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, gas, sewer and garbage services 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. Currently the City's governmental funds consist of the General Fund and a special revenue fund to account for grant funds. 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 Assets 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 Assets 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 was \$5,374,704. Our following analysis focuses on the net assets (Table 1) and changes in net assets (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 \$5,374,704 at September 30, 2023. (See Table A-1).

Table A-1
City of Plains' Net Position

	Governmental Activities			Business-type Activities			Total		
	2023	2022	Percentage Change	2023	2022	Percentage Change	2023	2022	Percentage Change
Current assets:									
Cash in Bank	1,778,449	1,947,075	-9%	588,303	56,026	950%	2,366,752	2,003,101	18%
Cash in Bank - Restricted	-	-	0%	3,116,819	60,000	5095%	3,116,819	60,000	5095%
Accounts Receivable-Utilities, net	-	-	0%	86,984	74,369	17%	86,984	74,369	17%
Taxes Receivable, net	9,481	6,526	45%	-	-	0%	9,481	6,526	45%
Due from Other Governments	-	-	0%	-	-	0%	-	-	0%
Notes Receivable - current	-	-	0%	12,000	12,000	0%	12,000	12,000	0%
Total current assets:	1,787,930	1,953,601	-8%	3,804,106	202,395	1780%	5,592,036	2,155,996	159%
Noncurrent assets:									
Notes Receivable - noncurrent	-	-	0%	83,840	97,840	-14%	83,840	97,840	-14%
Net Pension Asset	-	101,755	-100%	-	202,264	-100%	-	304,019	-100%
Net Capital Assets	626,015	572,684	9%	2,484,657	2,078,934	20%	3,110,672	2,651,618	17%
Total noncurrent assets	626,015	674,439	-7%	2,568,497	2,379,038	8%	3,194,512	3,053,477	5%
Total Assets	2,413,945	2,628,040	-8%	6,372,603	2,581,433	147%	8,786,548	5,209,473	69%
Deferred Outflows of Resources									
Deferred Outflows - Lease Contract	-	-	0%	6,247	8,329	-25%	6,247	8,329	-25%
Deferred Outflows - Pension & OPEB	92,549	14,705	529%	142,099	56,223	153%	234,648	70,928	231%
Total Deferred Outflows of Resources	92,549	14,705	529%	148,346	64,552	130%	240,895	79,257	204%
Current liabilities:									
Accounts Payable	11,252	7,103	58%	124,553	15,207	719%	135,805	22,310	509%
Accrued Interest Payable	-	-	0%	5,597	-	100%	5,597	-	100%
Total current liabilities	11,252	7,103	58%	130,150	15,207	756%	141,402	22,310	534%
Noncurrent liabilities:									
Due to Others	-	-	0%	62,385	61,135	2%	62,385	61,135	2%
Net Pension Liability	10,895	-	100%	16,417	-	100%	27,312	-	100%
Total OPEB Liability	7,481	12,553	-40%	19,740	27,288	-28%	27,221	39,841	-32%
Premium on Bond Issuance	-	-	0%	83,685	-	100%	83,685	-	100%
Due within one year	-	-	0%	102,553	37,741	172%	102,553	37,741	172%
Due in more than one year	-	-	0%	2,996,937	59,491	4938%	2,996,937	59,491	4938%
Total noncurrent liabilities	18,376	12,553	46%	3,281,717	185,655	1668%	3,300,093	198,208	1565%
Deferred Inflows of Resources									
Deferred Inflows - Pension & OPEB	5,403	52,211	-90%	8,193	102,295	-92%	13,596	154,506	-91%
Deferred Inflows - Grant Revenues	-	191,798	-100%	197,648	-	100%	197,648	191,798	3%
Total Deferred Inflows of Resources	5,403	244,009	-98%	205,841	102,295	101%	211,244	346,304	-39%
Net Position:									
Net investment in capital assets	626,015	572,684	9%	2,350,297	1,981,702	19%	2,976,312	2,554,386	17%
Restricted - Collateralized Deposits	-	-	0%	60,000	60,000	0%	60,000	60,000	0%
Restricted - Debt Service	-	-	0%	8,004	-	100%	8,004	-	100%
Unrestricted	1,845,448	1,806,396	2%	484,940	301,126	61%	2,330,388	2,107,522	11%
Total Net Position	2,471,463	2,379,080	4%	2,903,241	2,342,828	24%	5,374,704	4,721,908	14%

The net position of the City's governmental activities increased 4% (\$2,471,463 compared to \$2,379,080). 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 \$1,806,396 at September 30, 2022 to \$1,845,448 at the end of this year. The net position of the City's business-type activities increased 24%, from \$2,342,828 to \$2,903,241.

Table A-2
Changes in City of Plains' Net Position

	Governmental Activities			Business-type Activities			Total		
	2023	2022	Percentage Change	2023	2022	Percentage Change	2023	2022	Percentage Change
Program Revenues:									
Charges for Services	38,249	30,909	24%	1,214,890	1,175,902	3%	1,253,139	1,206,811	4%
Grants & Contributions	394,985	193,550	104%	413,948	28,025	1377%	808,933	221,575	265%
General Revenues:									
Property Taxes	174,984	168,793	4%	-	-	0%	174,984	168,793	4%
Nonproperty Taxes	239,945	189,207	27%	-	-	0%	239,945	189,207	27%
Investment Earnings	64,782	19,312	235%	9,931	-	100%	74,713	19,312	287%
Other	5,640	34,432	-84%	-	-	0%	5,640	34,432	-84%
Total Revenues	918,585	636,203	44%	1,638,769	1,203,927	36%	2,557,354	1,840,130	39%
Expenses:									
General Administration	280,212	254,022	10%	-	-	0%	280,212	254,022	10%
General Service	25,949	34,409	-25%	-	-	0%	25,949	34,409	-25%
Court and Code Enforcement	12,191	10,895	12%	-	-	0%	12,191	10,895	12%
Streets and Service	24,899	25,642	-3%	-	-	0%	24,899	25,642	-3%
Fire Department	69,833	60,610	15%	-	-	0%	69,833	60,610	15%
Health and Welfare	239,315	174,526	37%	-	-	0%	239,315	174,526	37%
Utilities	-	-	0%	1,252,159	1,217,350	3%	1,252,159	1,217,350	3%
Total Expenses	652,399	560,104	16%	1,252,159	1,217,350	3%	1,904,558	1,777,454	7%
Excess (Deficiency) Before Other Resources, Uses & Transfers	266,186	76,099	250%	386,610	(13,423)	-2980%	652,796	62,676	942%
Insurance Proceeds	-	-	0%	-	-	0%	-	-	0%
Gain/(Loss) on Asset Sales	-	-	0%	-	-	0%	-	-	0%
Transfers In (Out)	(173,803)	30,599	-668%	173,803	(30,599)	-668%	-	-	0%
Increase (Decrease) in Net Position	92,383	106,698	13%	560,413	(44,022)	-1373%	652,796	62,676	942%
Net Position - Beginning	2,379,080	2,272,382	5%	2,342,828	2,386,850	-2%	4,721,908	4,659,232	1%
Net Position - Ending	2,471,463	2,379,080	4%	2,903,241	2,342,828	24%	5,374,704	4,721,908	14%

The City's total revenues were \$2,557,354. A significant portion, 64%, of the City's total revenue comes from the water and sewer operations. Revenues available to fund governmental activities consist of property taxes (19%), non-property taxes (26%), earnings on investments (7%), charges for services (4%), grants and contributions (43%) and other (1%).

The total cost of all programs and services was \$1,904,558; 66% of these costs were for utilities production and administration expenses. Expenses for governmental activities consisted of costs for general administration (42%), general services (4%), courts and code enforcement (2%), streets and services (4%), fire department (11%), and health and welfare (37%).

Governmental Activities

Revenues for the City's governmental activities increased \$282,382 or 44%, while total expenses increased by 16%.

- Property tax rates increased from \$0.38805 per \$100 valuation to \$0.399321 per \$100 valuation. The ad valorem tax levy for the previous fiscal year was \$166,650, compared to \$172,545 for the current year. Total tax collections increased, changing from \$165,359 in the prior year to \$168,303 in the current year.
- Nonproperty tax revenues increased \$50,738.
- Interest income increased \$45,470.
- Miscellaneous income decreased \$28,792.
- Intergovernmental Revenues increased \$268,574. The county contributed an additional \$254,000 to the city's ambulance services.
- The cost of all *governmental* activities this year was \$652,399. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through tax collections was \$174,984 because some of the costs were paid by those who directly benefited from the programs (\$38,249), by nonproperty taxes (\$239,945), and by grants and contributions (\$394,985).

Business-type Activities

Revenues of the City's business-type activities (see table A-2) increased by 36% (\$1,203,927 to \$1,638,769) and expenses increased by 3% (\$1,217,350 to \$1,252,159).

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 \$1,767,197, which is an increase from the prior year’s total of \$1,748,174. The following items effecting fund balance should be noted:

- In the prior year, revenues were less than expenditures by \$10,341 prior to transfers. In the current year, revenues were more than expenditures by \$192,826 prior to transfers. The general fund transferred \$173,803 to the enterprise funds in the current year.
- The city received an additional \$254,000 from the county to be used for ambulance services.
- The revenues in the general fund increased approximately 44% from the prior period and expenses for the general fund increased approximately 12% from the prior period.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City’s budget once. Even with these adjustments, actual revenues were \$257,792 above budgeted amounts and expenditures were \$108,294 less than final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had \$10,608,619 invested in a broad range of capital assets, including ambulance and fire equipment, buildings, furniture and equipment, and utilities facilities (see Table A-3). This amount represents a net increase (including additions and deductions) of \$697,839 from last year.

Table A-3
Fixed Assets

Governmental <u>Activities:</u>	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 15,117	-	-	15,117
Buildings& Improvements	896,802	-	-	896,802
Furniture & Equipment	821,952	105,441	-	927,393
Accumulated Depreciation	<u>(1,161,188)</u>	<u>(52,109)</u>	<u>-</u>	<u>(1,213,297)</u>
Net Capital Assets	<u>\$ 572,683</u>	<u>\$ 53,332</u>	<u>\$ -</u>	<u>\$ 626,015</u>

Business-Type Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 307,720	-	-	307,720
Construction in Progress	71,275	336,198	(57,625)	349,848
Buildings& Improvements	7,589	-	-	7,589
Vehicles	573,143	-	-	573,143
Gas System	821,826	-	-	821,826
Sewer System	1,876,855	241,850	57,625	2,176,330
Water System	4,347,885	-	-	4,347,885
Garbage Equipment	170,616	14,350	-	184,966
Accumulated Depreciation	<u>(6,097,975)</u>	<u>(186,675)</u>	<u>-</u>	<u>(6,284,650)</u>
Net Capital Assets	<u>\$ 2,078,934</u>	<u>\$ 405,723</u>	<u>\$ -</u>	<u>\$ 2,484,657</u>

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

Debt

A municipal government can finance activities such as capital improvements and acquisitions through general tax bonds or revenue bonds. Additionally, a government may purchase items through the use of capital leases. Short-term financing is available in the form of time warrants with a financial institution.

During fiscal year 2020, the City issued a note payable for the purchase of a garbage truck. The loan is payable in 48 monthly payments of \$2,260. The loan has an effective interest rate of 3.99%.

During fiscal year 2021, the City issued a note payable for the purchase of a Hydro Vac. The loan is payable in 60 monthly payments of \$1,182. The loan has an effective interest rate of 4.75%.

Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023 were issued for \$3,040,000 with interest rates ranging from 4.25% to 6.50%. Principal and interest payments are due on February 15 and August 15 each year with the first payment due February 15, 2024 and the last payment due February 15, 2048.

<u>Business-Type Activities:</u>	<u>Balance 10-1-22</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 9-30-23</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$ -	\$ 3,040,000	\$ -	\$ 3,040,000	\$ 70,000
Premium on Bond Issuance	-	83,685	-	83,685	-
Note Payable - Truck	45,779	-	25,778	20,001	20,001
Note Payable Equipment	<u>51,454</u>	<u>-</u>	<u>11,964</u>	<u>39,490</u>	<u>12,553</u>
Total Notes Payable	<u>\$ 97,233</u>	<u>\$ 3,123,685</u>	<u>\$ 37,742</u>	<u>\$ 3,183,176</u>	<u>\$ 102,554</u>

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 Council has adopted tax rates, budgets and set fees accordingly.

If these estimates are realized, the City’s budgetary general fund fund balance is expected to increase slightly by the close of 2024.

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 Administrator at the City’s office located in Plains, Texas.

BASIC FINANCIAL STATEMENT

CITY OF PLAINS
Plains, Texas

STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Unit	Total Reporting Entity
	Governmental Activities	Business-type Activities	Total		
ASSETS:					
Cash in Bank	\$ 1,778,449	\$ 588,303	\$ 2,366,752	\$ 629,074	\$ 2,995,826
Cash in Bank - Restricted	-	3,116,819	3,116,819	-	3,116,819
Accounts Receivable-Utilities, net	-	86,984	86,984	-	86,984
Taxes Receivable, Net	9,481	-	9,481	-	9,481
Due from Other Governments	-	-	-	-	-
Notes Receivable - current	-	12,000	12,000	-	12,000
Noncurrent Assets:					
Notes Receivable - noncurrent	-	83,840	83,840	-	83,840
Net Pension Asset	-	-	-	-	-
Land	15,117	307,720	322,837	221,771	544,608
Construction in Progress	-	349,848	349,848	-	349,848
Buildings & Improvements, net	448,417	-	448,417	-	448,417
Utility Systems & Equipment, net	-	1,699,734	1,699,734	-	1,699,734
Furniture & Equipment, net	162,481	127,355	289,836	-	289,836
TOTAL ASSETS	\$ 2,413,945	\$ 6,372,603	\$ 8,786,548	\$ 850,845	\$ 9,637,393
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows - Lease Contract	\$ -	\$ 6,247	\$ 6,247	\$ -	\$ 6,247
Deferred Outflows - Pension	90,287	136,049	226,336	-	226,336
Deferred Outflows - OPEB	2,262	6,050	8,312	-	8,312
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 92,549	\$ 148,346	\$ 240,895	\$ -	\$ 240,895
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 11,252	\$ 124,553	\$ 135,805	\$ -	\$ 135,805
Accrued Interest Payable	-	5,597	5,597	-	5,597
Noncurrent Liabilities:					
Due to Others	-	62,385	62,385	-	62,385
Net Pension Liability	10,895	16,417	27,312	-	27,312
Net OPEB Liability	7,481	19,740	27,221	-	27,221
Premium on Bond Issuance	-	83,685	83,685	-	83,685
Due within one year	-	102,553	102,553	12,000	114,553
Due in more than one year	-	2,996,937	2,996,937	83,840	3,080,777
Total Liabilities	29,628	3,411,867	3,441,495	95,840	3,537,335
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows - Pension	647	975	1,622	-	1,622
Deferred Inflows - OPEB	4,756	7,218	11,974	-	11,974
Deferred Grant Revenues	-	197,648	197,648	-	197,648
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 5,403	\$ 205,841	\$ 211,244	\$ -	\$ 211,244
NET POSITION					
Net Investment in capital assets	626,015	2,350,297	2,976,312	221,771	3,198,083
Restricted - Collateralized Deposits	-	60,000	60,000	-	60,000
Restricted - Debt Service	-	8,004	8,004	-	8,004
Unrestricted	1,845,448	484,940	2,330,388	533,234	2,863,622
Total Net Position	\$ 2,471,463	\$ 2,903,241	\$ 5,374,704	\$ 755,005	\$ 6,129,709

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	Total Reporting Entity
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Government Activities:									
General Administration	280,212	\$ -	\$ -	\$ -	\$ (280,212)	-	(280,212)	-	(280,212)
General Service	25,949	-	-	-	(25,949)	-	(25,949)	-	(25,949)
Court and Code Enforcement	12,191	-	-	-	(12,191)	-	(12,191)	-	(12,191)
Streets and Service	24,899	-	-	-	(24,899)	-	(24,899)	-	(24,899)
Fire Department	69,833	-	21,503	-	(48,330)	-	(48,330)	-	(48,330)
Health and Welfare	239,315	38,249	288,135	85,347	172,416	-	172,416	-	172,416
Total Government Activities	652,399	38,249	309,638	85,347	(219,165)	-	(219,165)	-	(219,165)
Business-type Activities									
Utilities Funds	1,252,159	1,214,890	-	413,948	-	376,679	376,679	-	376,679
Total Primary Government	1,904,558	1,253,139	309,638	499,295	(219,165)	376,679	157,514	-	157,514
Component Unit:									
Economic Development Corporation	\$ 2,066	\$ -	\$ -	\$ -				\$ (2,066)	\$ (2,066)
General Revenues:									
Property Taxes, Levied for General Purpose:					174,984	-	174,984	-	174,984
Nonproperty Taxes					239,945	-	239,945	107,185	347,130
Investment Earnings					64,782	9,931	74,713	1,698	76,411
Miscellaneous					5,640	-	5,640	-	5,640
Transfers					(173,803)	173,803	-	-	-
Total General Revenue					311,548	183,734	495,282	108,883	604,165
Change in Net Assets					92,383	560,413	652,796	106,817	759,613
Net Position -- Beginning					2,379,080	2,342,828	4,721,908	648,188	5,370,096
Net Position -- Ending					\$ 2,471,463	\$ 2,903,241	\$ 5,374,704	\$ 755,005	\$ 6,129,709

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

BALANCE SHEET -- GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 1,778,449	\$ 1,778,449
Taxes Receivable, net	9,481	9,481
Due from Other Governments	<u> -</u>	<u> -</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,787,930</u>	<u>\$ 1,787,930</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 11,252	\$ 11,252
<u>Total Liabilities</u>	<u>11,252</u>	<u>11,252</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue - Property Taxes	<u>9,481</u>	<u>9,481</u>
<u>Total Deferred Inflows of Resources</u>	<u>9,481</u>	<u>9,481</u>
FUND BALANCES		
Committed Fund Balances:		
Fire Department	64,434	64,434
Emergency Medical Services	173,870	173,870
Unassigned	<u>1,528,893</u>	<u>1,528,893</u>
<u>Total Fund Balances</u>	<u>1,767,197</u>	<u>1,767,197</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 1,787,930</u>	<u>\$ 1,787,930</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 1,767,197
Amounts reported for governmental activities in the statement of net assets (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	9,481
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	626,015
Included in the items related to noncurrent assets is the recognition of the City's proportionate share of the net pension liability required by GASB 68 in the amount of \$10,895, a deferred resource outflow related to pension in the amount of \$90,287, and a deferred resource inflow of \$647. This resulted in an increase in net position by \$78,745.	78,745
Included in the items related to noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$7,481, a deferred resource outflow related to OPEB in the amount of \$2,262, and a deferred resource inflow of \$4,756. This resulted in a decrease in net position of \$9,975.	<u>(9,975)</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 2,471,463</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
REVENUES:		
Property Taxes (Including Penalty & Interest)	\$ 172,028	\$ 172,028
Sales Taxes	214,463	214,463
Franchise Taxes	25,482	25,482
Interest	64,782	64,782
Intergovernmental	370,782	370,782
Donations	24,203	24,203
Ambulance	38,249	38,249
Grant Revenues	-	-
Miscellaneous	5,640	5,640
<u>Total Revenues</u>	<u>915,629</u>	<u>915,629</u>
EXPENDITURES		
Current		
General Administration	269,953	269,953
General Service	35,511	35,511
Court and Code Enforcement	12,191	12,191
Streets and Service	19,682	19,682
Fire Department	54,605	54,605
Health and Welfare	330,861	330,861
Capital Outlay	-	-
<u>Total Expenditures</u>	<u>722,803</u>	<u>722,803</u>
Excess of Revenues Over (Under) Expenditures	192,826	192,826
OTHER FINANCING SOURCES (USES)		
Transfers Out	<u>(173,803)</u>	<u>(173,803)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(173,803)</u>	<u>(173,803)</u>
Net Change in Fund Balance	19,023	19,023
Fund Balance--Beginning of Year	<u>1,748,174</u>	<u>1,748,174</u>
<u>Fund Balance--End of Year</u>	<u>\$ 1,767,197</u>	<u>\$ 1,767,197</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, 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

Net Change in Fund Balances -- Total Governmental Funds	\$	19,023
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.		105,440
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.		(52,110)
Certain property tax revenues are unavailable in the funds. These are the amounts that have not been collected and are therefore do not provide current financial resources. This is the amount that these accounts have changed during the current period.		2,956
Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in pension expense	17,784	
Change in OPEB expense	<u>(710)</u>	
		<u>17,074</u>
Change in Net Position -- Statement of Activities	\$	<u><u>92,383</u></u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Utilities Funds</u>
ASSETS	
<u>Current Assets:</u>	
Cash in Bank	\$ 588,303
Cash in Bank - Restricted	3,116,819
Accounts Receivable	91,208
Allowance for Uncollectible	(4,224)
Due from Other Governments	-
Note Receivable - Current	12,000
<u>Total Current Assets</u>	<u>3,804,106</u>
<u>Noncurrent Assets:</u>	
Note Receivable - noncurrent	83,840
Net Pension Asset	-
Land	307,720
Construction in Progress	349,848
Buildings and Improvements, net	-
Utility Systems & Equipment, net	1,699,734
Furniture & Equipment, net	127,355
<u>Total Noncurrent Assets</u>	<u>2,568,497</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 6,372,603</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Lease Contract	6,247
Deferred Outflows - Pension	136,049
Deferred Outflows - OPEB	6,050
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 148,346</u>
 LIABILITIES & NET POSITION	
<u>Current Liabilities</u>	
Accounts Payable	\$ 124,553
Accrued Interest Payable	5,597
<u>Noncurrent Liabilities</u>	
Customer Deposits	62,385
Net Pension Liability	16,417
Net OPEB Liability	19,740
Premium on Bond Issuance	83,685
Due within one year	102,553
Due in more than one year	2,996,937
<u>TOTAL LIABILITIES</u>	<u>3,411,867</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Grant Revenues	197,648
Deferred Inflows - Pension	975
Deferred Inflows - OPEB	7,218
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 205,841</u>
 NET POSITION	
Net investment in capital assets	2,350,297
Restricted - Collateralized Deposits	60,000
Restricted - Debt Service	8,004
Unrestricted	484,940
<u>TOTAL NET POSITION</u>	<u>\$ 2,903,241</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, 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
	<u>Utilities Funds</u>
<u>Operating Revenues</u>	
Sales	\$ 1,196,974
Penalties	16,316
Tap Fees	1,600
Miscellaneous	-
<u>Total Operating Revenues</u>	<u>1,214,890</u>
<u>Operating Expenses</u>	
Cost of Sales	267,150
Salaries	336,292
Payroll Taxes	7,155
Retirement Costs	63,556
Supplies	21,919
Repairs & Maintenance	128,496
Utilities & Fuel	53,608
Employee Expenses and Training	1,379
Insurance	86,903
Depreciation	186,675
Professional Fees	13,500
Miscellaneous	1,945
<u>Total Operating Expenses</u>	<u>1,168,578</u>
<u>Operating Income (Loss) Before</u>	
<u>Operating Transfers</u>	46,312
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	9,931
Interest Expense	(9,160)
Bond Issuance Costs	(74,421)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(73,650)</u>
<u>Transfers and Capital Contributions:</u>	
Capital Contributions	413,948
Transfers In (Out)	173,803
<u>Total Transfers and Capital Contributions</u>	<u>587,751</u>
Net Income (Loss)	560,413
NET POSITION	
Net Position, Beginning of Year	<u>2,342,828</u>
Net Position, End of Year	<u>2,903,241</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

STATEMENT OF CASH FLOWS--
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Utilities Funds</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 1,203,526
Payments to Suppliers	(572,672)
Payments to Employees	(375,848)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>255,006</u>
 <u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers	173,803
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>173,803</u>
 <u>Cash Flows from Investing Activities:</u>	
Interest Income	9,931
<u>Net Cash Provided by Investing Activities</u>	<u>9,931</u>
 <u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Fixed Assets	(483,199)
Proceeds from Debt Acquired for Fixed Assets	3,049,264
Proceeds from Capital Contributions	611,596
Payments on Debt Acquired for Fixed Assets	(41,305)
Payments Received from Notes Receivable	14,000
<u>Net Cash Provided (Used) by Capital & Related Financing Activities</u>	<u>3,150,356</u>
Net Increase (Decrease) in Cash & Cash Equivalents	3,589,096
Cash & Cash Equivalents--Beginning of Year	116,026
<u>Cash & Cash Equivalents--End of Year</u>	<u>3,705,122</u>
 Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	46,312
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Depreciation	186,675
(Increase) Decrease in Net Pension Asset/Liability	218,681
(Increase) Decrease in Deferred Inflows/Outflows Pensions	(188,642)
(Increase) Decrease in Net OPEB Asset/Liability	(7,548)
(Increase) Decrease in Deferred Inflows/Outflows OPEB	8,664
(Increase) Decrease in Deferred Lease Payments	2,082
(Increase) Decrease in Receivables	(12,614)
Increase (Decrease) in Liabilities	1,396
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>255,006</u>

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Note A: Summary of Significant Accounting Policies

The City of Plains, 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 (ambulance 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 Plains 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") and the American Institute of Certified Public Accountants (AICPA).

1. The Reporting Entity

The City of Plains is a general law type-A municipality governed by an elected mayor and a five member City Council who appoints a City Manager. The City's financial statements include its component units. The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity" (as amended by GASB Statement No. 39) in that the financial statements include all organizations, activities, functions and component units for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Discretely Presented Component Units

The Plains Economic Development Corporation (PEDC), a non-profit corporation, was created to promote future economic development in Plains, Texas. The PEDC is included in the reporting entity because the City Council approves the appointment of the five-member Board of Directors and approves its annual budget. Accordingly, the City is financially accountable and is able to impose its will on the organization. The PEDC is reported as a governmental fund type component unit. Significant transactions between the City and PEDC included the City's disbursement of PEDC's share of sales tax revenues to PEDC amounting to \$107,185 for the year ended September 30, 2023. Separate PEDC financial information can be obtained by writing to Plains Economic Development Corporation, P.O. Box 550, Plains, TX 79355.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 2
September 30, 2023

Note A: Summary of Significant Accounting Policies (Continued)

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.

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 City 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 PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 3
September 30, 2023

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. The government-wide financial statements 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. Non-exchange 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, and compensated absences, 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 into net investment in capital assets, restricted net position, and unrestricted net position.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4
September 30, 2023

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. The City currently has \$60,000 restricted as collateral in accordance with a vendor contract. There is also \$8,004 restricted for future debt service of the Certificates of Obligation.

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 Council removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Currently, the City has fund balances committed of \$64,434 for fire department expenditures, and \$173,870 for EMS expenditures.

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

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

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.

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 PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. As of September 30, 2023, the amount deemed uncollectible by this estimate was \$3,895. 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 PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6
September 30, 2023

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 and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items which qualifies for reporting in this category.

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. The City currently has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7
September 30, 2023

Note A: Summary of Significant Accounting Policies (continued)

i. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

j. Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B: Compliance and Accountability

1. Fair Value Measurements

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8
September 30, 2023

Note B: Compliance and Accountability (continued)

1. Fair Value Measurements

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Note C: Deposits and Investments

Under Texas state law, 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 carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$5,483,571 and the bank balance was \$5,516,102. The City's cash deposits at September 30 and throughout the year 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 and 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.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 9
September 30, 2023

Note C: Deposits and Investments (continued)

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's investments at September 30, 2023 included certificates of deposit (\$1,246,961).

The Plains Economic Development Corporation holds land that is being developed for resale. Using Level 2 inputs, it is estimated that fair value equals \$221,771, which is the quoted sales price and the price at which lots have sold recently.

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.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 10
September 30, 2023

Note C: Deposits and Investments (continued)

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.

Investment Accounting Policy

The City’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Note D: Receivables

Receivables as of September 30, 2023 for the City’s major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts are as follows:

Governmental activities:

General Fund	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Property taxes	\$ 13,376	\$ (3,895)	\$ 9,481
Grant Funds	-	-	-
Total governmental	<u>\$ 13,376</u>	<u>\$ (3,895)</u>	<u>\$ 9,481</u>

Business-type activities:

Utility Funds			
Customer accounts	\$ 91,209	\$ (4,225)	\$ 86,984
Note Receivable-EDC	\$ 95,840	\$ -	\$ 95,840
Total business-type	<u>\$187,049</u>	<u>\$ (4,225)</u>	<u>\$182,824</u>

The \$95,840 note receivable held by the City’s Water Fund is a note owed by the PEDC to the City for purchase of land. This is an interest free note due with minimum payments of \$1,000 per month.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
September 30, 2023

Note E: Capital Assets

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

Governmental Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 15,117	-	-	\$ 15,117
Buildings & Improvements	896,802	-	-	896,802
Furniture & Equipment	<u>821,952</u>	<u>105,441</u>	-	<u>927,393</u>
Total Capital Assets	<u>\$ 1,733,871</u>	<u>\$105,441</u>	<u>\$ -</u>	<u>\$ 1,839,312</u>
 <u>Less Accumulated</u>				
<u>Depreciation:</u>				
Buildings& Improvements	\$ 425,224	\$ 23,161	-	\$ 448,385
Furniture & Equipment	<u>735,964</u>	<u>28,948</u>	-	<u>764,912</u>
Total Accumulated Depreciation	<u>\$1,161,188</u>	<u>\$ 52,109</u>	<u>\$ -</u>	<u>\$ 1,213,297</u>
Net Capital Assets	<u>\$ 572,683</u>	<u>\$ 53,332</u>	<u>\$ -</u>	<u>\$ 626,015</u>
Business-Type Activities:	Balance <u>10-1-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>9-30-23</u>
Land	\$ 307,720	-	-	\$ 307,720
Construction in Progress	71,275	336,198	(57,625)	349,848
Buildings& Improvements	7,589	-	-	7,589
Vehicles	573,143	-	-	573,143
Gas System	821,826	-	-	821,826
Sewer System	1,876,855	241,850	57,625	2,176,330
Water System	4,347,885	-	-	4,347,885
Garbage Equipment	<u>170,616</u>	<u>14,350</u>	-	<u>184,966</u>
Total Capital Assets	<u>\$ 8,176,909</u>	<u>\$ 592,398</u>	<u>\$ -</u>	<u>\$ 8,769,307</u>
 <u>Less Accumulated</u>				
<u>Depreciation:</u>				
Buildings& Improvements	\$ 7,583	\$ 6	-	\$ 7,589
Vehicles	423,508	22,280	-	445,788
Gas System	714,452	15,281	-	729,733
Sewer System	1,346,947	54,865	-	1,401,812
Water System	3,451,017	89,802	-	3,540,819
Garbage Equipment	<u>154,468</u>	<u>4,441</u>	-	<u>158,909</u>
Total Accumulated Depreciation	<u>\$ 6,097,975</u>	<u>\$ 186,675</u>	<u>\$ -</u>	<u>\$ 6,284,650</u>
Net Capital Assets	<u>\$ 2,078,934</u>	<u>\$ 405,723</u>	<u>\$ -</u>	<u>\$ 2,484,657</u>

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
September 30, 2023

Note E: Capital Assets (continued)

Depreciation was charged to functions as follows:

General Administration	\$ 16,061
General Service	10,531
Streets and Service	5,216
Fire Department	15,228
Health & Welfare	5,073
Water	90,188
Gas	15,668
Sewer	55,249
Garbage	<u>25,570</u>
	<u>\$238,784</u>

Note F: Long-Term Debt

Short term loans are accounted for through the applicable fund. General Fund proceeds from loans (except those issued and retired during the current year) are shown in the financial statements as Other Resources and principal payments as Other Uses. Enterprise fund loans are shown in the appropriate fund.

During fiscal year 2021, the City issued a note payable for the purchase of a Hydro Vac. The loan is payable in 60 monthly payments of \$1,182. The loan has an effective interest rate of 4.75%.

During fiscal year 2020, the City issued a note payable for the purchase of a garbage truck. The loan is payable in 48 monthly payments of \$2,260. The loan has an effective interest rate of 3.99%.

During fiscal year 2014, the Plains EDC purchase land from the City of Plains for \$232,000. An interest-free note was established where the Plains EDC is paying the City \$1,000 per month.

Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023 were issued for \$3,040,000 with interest rates ranging from 4.25% to 6.50%. Principal and interest payments are due on February 15 and August 15 each year with the first payment due February 15, 2024 and the last payment due February 15, 2048.

The Certificates of Obligation are direct obligations issued on a pledge of the general taxing power and the revenues of the Enterprise Fund for the payment of the debt obligations of the City. These Bonds require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year certificates of obligation are outstanding) funds to pay interest and principal at maturity for any amounts not paid from the revenues of the Enterprise Fund. These Bonds are secured both by a pledge of ad valorem taxes levied on all taxable property within the City and by a lien on and pledge of revenues to be generated by the Enterprise Fund.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 13
September 30, 2023

Note F: Long-Term Debt (continued)

Changes in long-term obligations for the year ended September 30, 2023 are as follows:

<u>Governmental Funds:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net Pension Liability	\$(101,755)	\$ 151,164	\$ 38,514	\$ 10,895	\$ -
Total OPEB Liability	<u>12,553</u>	<u>-</u>	<u>5,072</u>	<u>7,481</u>	<u>-</u>
<u>Total Governmental Funds:</u>	<u>\$ (89,202)</u>	<u>\$ 151,164</u>	<u>\$ 43,586</u>	<u>\$ 18,376</u>	<u>\$ -</u>

<u>Enterprise Funds:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$ -	\$ 3,040,000	\$ -	\$ 3,040,000	\$ 70,000
Premium on Bond Issuance	-	83,685	-	83,685	-
Note Payable – Garbage Truck	45,779	-	25,778	20,001	20,001
Note Payable – Hydro Vac	51,454	-	11,964	39,490	12,553
Net Pension Liability	(202,264)	227,781	9,100	16,417	-
Total OPEB Liability	<u>27,288</u>	<u>-</u>	<u>7,548</u>	<u>19,740</u>	<u>-</u>
<u>Total Enterprise Funds:</u>	<u>\$(77,743)</u>	<u>\$ 3,351,466</u>	<u>\$ 54,390</u>	<u>\$ 3,219,333</u>	<u>\$ 102,554</u>

<u>Component Unit Plains EDC:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable – Land	\$ 109,840	\$ -	\$ 14,000	\$ 95,840	\$ 14,000
<u>Total Component Unit:</u>	<u>\$ 109,840</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 95,840</u>	<u>\$ 14,000</u>

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 14
September 30, 2023

Note F: Long-Term Debt (continued)

Future payments on long-term obligations as of September 30, 2023 are as follows.

Enterprise Funds – Certificates of Obligation

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 70,000	\$ 134,320	\$ 204,320
2025	60,000	142,063	202,063
2026	65,000	138,000	203,000
2027	70,000	133,613	203,613
2028	75,000	128,900	203,900
2029-2033	455,000	562,276	1,017,276
2034-2038	600,000	417,465	1,017,465
2039-2043	735,000	280,442	1,015,442
2044-2048	<u>910,000</u>	<u>105,104</u>	<u>1,015,104</u>
Total	<u>\$ 3,040,000</u>	<u>\$ 2,042,183</u>	<u>\$ 5,082,183</u>

Enterprise Funds – Notes Payable

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 32,554	\$ 1,971	\$ 34,525
2025	13,170	1,014	14,184
2026	<u>13,767</u>	<u>480</u>	<u>14,247</u>
Total	<u>\$ 59,491</u>	<u>\$ 3,465</u>	<u>\$ 62,956</u>

Component Unit – Plains EDC

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,000	\$ -	\$ 12,000
2025	12,000	-	12,000
2026	12,000	-	12,000
2027	12,000	-	12,000
2028-2031	<u>47,840</u>	<u>-</u>	<u>47,840</u>
Total	<u>\$ 95,840</u>	<u>\$ -</u>	<u>\$ 95,840</u>

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 15
September 30, 2023

Note G: Interfund Transfers

Interfund transfers for the year ended September 30, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Proprietary Fund	-	<u>173,803</u>
<u>Total General Fund</u>	<u>-</u>	<u>173,803</u>
<u>Proprietary Funds:</u>		
General Fund	<u>173,803</u>	<u>-</u>
<u>Total</u>	<u>\$ 173,803</u>	<u>\$ 173,803</u>

These interfund transfers represent cash flow transfers in the normal course of business.

Note H: TMRS-Pension Plan

Plan Description

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

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

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 16
September 30, 2023

Note H: TMRS-Pension Plan (continued)

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100%	100%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

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	8
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>10</u>
Total	22

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Plains were required to contribute 7% of their annual compensation in the fiscal year 2023. The City of Plains contributed at the following rates: 10.28% (October-December 2022) and 10.17% (January-September 2023). The City's contributions to TMRS for the year ended September 30, 2023 were \$52,348, and were more than 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.

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 17
September 30, 2023

Note H: TMRS-Pension Plan (continued)

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions 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 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) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	<u>10.00%</u>	11.80%
Total	100.00%	

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 18
September 30, 2023

Note H: TMRS-Pension Plan (continued)

Discount Rate

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

Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/21	\$ 2,202,622	\$ 2,506,641	\$ (304,019)
Changes for the year:			
Service cost	55,255		55,255
Interest	147,774		147,774
Change of benefit terms	-		-
Difference between expected and actual experience	25,647		25,647
Changes of assumptions			-
Contributions - employer		47,613	(47,613)
Contributions - employee		32,421	(32,421)
Net investment income		(182,996)	182,996
Benefit payments, including refunds of employee contributions	(81,996)	(81,996)	-
Administrative expense		(1,583)	1,583
Other changes		1,890	(1,890)
Net changes	<u>146,680</u>	<u>(184,651)</u>	<u>331,331</u>
Balance at 12/31/22	<u>\$ 2,349,302</u>	<u>\$ 2,321,990</u>	<u>\$ 27,312</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 6.75%, as well as what the city's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/(asset)	\$ 285,988	\$ 27,312	\$ (192,370)

Pension Plan Fiduciary Net Position

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

CITY OF PLAINS
Plains, Texas

NOTES TO FINANCIAL STATEMENTS, Page 19
September 30, 2023

Note H: TMRS-Pension Plan (continued)

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

For the year ended September 30, 2023, the city recognized pension expense of \$64,603.

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 economic experience	\$ 28,358	\$ (1,622)
Changes in actuarial assumptions	\$ -	\$ -
Difference between projected and actual investment earnings	\$ 158,261	\$ -
Contributions subsequent to the measure date December 31, 2022	<u>\$ 39,717</u>	<u>\$ -</u>
Total	\$ 226,336	\$ (1,622)

\$39,717 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2023	\$ 18,187
2024	49,435
2025	46,937
2026	70,438
2027	-
Thereafter	<u>-</u>
Total	\$ 184,997

CITY OF PLAINS
Plains, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 20
September 30, 2023

Note I: Supplemental Death Benefits Plan

1. Plan Description

The City participates in the single-employer unfunded 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 SDBF had 800 participating cities as of December 31, 2022.

2. OPEB Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the Supplemental Death Benefits Fund is available in the separately-issued TMRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at tmrs.com or by writing to TMRS at P.O. Box 149153, Austin, TX 78714-9153.

3. Benefits Provided

The death benefit for active members provides a lump-sum payment approximately equal to the member’s annual salary (calculated based on the members’ actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an “other post-employment benefit” (“OPEB”) and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of the Pension Trust Fund. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

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	5
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>10</u>
Total	16

4. Contributions

The City contributes to the SDBF monthly based on the payroll of their covered members at an annually actuarially determined rate. There is a one-year delay between the actuarial valuation that serves as the basis for the city’s contribution rate and the calendar year when the rate goes into effect.

TMRS pools the SDBF contributions with those of the Pension Trust Fund for investment purposes. The SDBF’s funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

CITY OF PLAINS
Plains, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 21
September 30, 2023

Note I: Supplemental Death Benefits Plan (continued)

	<u>Contribution Rates</u>	
City	<u>2022</u>	<u>2023</u>
	0.22%	0.33%
Current Fiscal Year Employer Contributions	\$ 1,560	

5. Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Summary of Actuarial Methods and Assumptions

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50% 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 Statement No. 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 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 PLAINS
Plains, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 22
September 30, 2023

Note I: Supplemental Death Benefits Plan (continued)

6. Discount Rate

As of December 31, 2022, the discount rate used in the development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021. In accordance with GASB No. 75, paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher. The projection of cash flows used to determine the discount rate assumed that contributions are made at the actuarially determined rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 32,479	\$ 27,221	\$ 23,046

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At September 30, 2023, the City reported a liability of \$27,221 for total OPEB liability. The total OPEB liability was measured as of December 31, 2022 by an actuarial valuation as of that date.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

As of December 31, 2022, the discount rate used in the development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021. Beginning with the December 31, 2019 actuarial valuation, mortality rates are based on the 2019 Municipal Retirees of Texas Mortality Tables. Prior to the December 31, 2019 actuarial valuation, mortality rates were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment.

For the year ended September 30, 2023, the City recognized OPEB expense of \$3,386.

CITY OF PLAINS
Plains, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 23
September 30, 2023

Note I: Supplemental Death Benefits Plan (continued)

Change in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/21	\$ 39,841
Changes for the year:	
Service cost	1,667
Interest	745
Change of benefit terms	
Difference between expected and actual experience	(968)
Changes of assumptions	(13,647)
Benefit payments, including refunds of employee contributions	(417)
Other changes	-
Net changes	<u>(12,620)</u>
Balance at 12/31/22	<u>\$ 27,221</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 2,665	\$ 802
Changes in actuarial assumptions	\$ 4,361	\$ 11,172
Difference between projected and actual investment earnings	\$ -	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ -	\$ -
Total as of Dec. 31, 2022 measurement date	<u>\$ 7,026</u>	<u>\$ 11,974</u>
Contributions paid to TRS subsequent to the measurement date	<u>\$ 1,286</u>	<u>\$ -</u>
Total as of fiscal year-end	<u>\$ 8,312</u>	<u>\$ 11,974</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	<u>OPEB Expense Amount</u>
2023	\$ 404
2024	(322)
2025	(2,547)
2026	(2,483)
2027	-
Thereafter	-

Note J: Litigation

There was no litigation pending or in progress against the City at September 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PLAINS
Plains, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Property Taxes (Including Penalty and Interest)	\$ 167,000	\$ 167,000	\$ 172,028	\$ 5,028
Sales Taxes	120,000	120,000	214,463	94,463
Franchise Taxes	20,000	20,000	25,482	5,482
Investment	10,000	10,000	64,782	54,782
Intergovernmental	120,000	298,387	370,782	72,395
Donations	2,000	2,000	24,203	22,203
Ambulance	25,000	25,000	38,249	13,249
Grant Revenues	-	-	-	-
Miscellaneous	15,450	15,450	5,640	(9,810)
<u>Total Revenues</u>	<u>479,450</u>	<u>657,837</u>	<u>915,629</u>	<u>257,792</u>
<u>Expenditures</u>				
<u>Current</u>				
General Administration	277,585	277,585	269,953	7,632
General Service	36,775	35,775	35,511	264
Court and Code Enforcement	11,700	12,700	12,191	509
Streets and Service	48,500	48,500	19,682	28,818
Fire Department	58,360	58,360	54,605	3,755
Health and Welfare	219,790	398,177	330,861	67,316
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>652,710</u>	<u>831,097</u>	<u>722,803</u>	<u>108,294</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	173,260	173,260	(173,803)	(347,063)
<u>Total Other Financing Sources (Uses)</u>	<u>173,260</u>	<u>173,260</u>	<u>(173,803)</u>	<u>(347,063)</u>
<u>Excess of Revenues and Other Sources</u>				
<u>Over (Under) Expenditures and Other Uses</u>	-	-	19,023	19,023
Fund Balance, Beginning of Year	1,748,174	1,748,174	1,748,174	-
<u>Fund Balance, End of Year</u>	<u>\$ 1,748,174</u>	<u>\$ 1,748,174</u>	<u>\$ 1,767,197</u>	<u>\$ 19,023</u>

CITY OF PLAINS
Plains, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET
AND RELATED RATIOS - TMRS
(unaudited)

	Measurement Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 55,255	\$ 49,826	\$ 48,500	\$ 44,209	\$ 51,650	\$ 55,064	\$ 52,896	\$ 44,504	\$ 42,184
Interest (on the Total Pension Liability)	147,774	139,361	134,210	125,452	119,100	115,408	105,645	98,848	90,987
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	25,647	21,606	(10,313)	35,764	12,246	(37,827)	25,383	4,592	5,124
Change of assumptions	-	-	-	1,681	-	-	-	34,417	-
Benefit payments, including refunds of employee contributions	(81,996)	(95,736)	(97,761)	(61,244)	(109,098)	(43,378)	(37,358)	(29,786)	(24,503)
Net change in Total Pension Liability	146,680	115,057	74,636	145,862	73,898	89,267	146,566	152,575	113,792
Total Pension Liability - Beginning	<u>2,202,622</u>	<u>2,087,565</u>	<u>2,012,929</u>	<u>1,867,067</u>	<u>1,793,169</u>	<u>1,703,902</u>	<u>1,557,336</u>	<u>1,404,761</u>	<u>1,290,969</u>
Total Pension Liability - Ending (a)	<u>\$ 2,349,302</u>	<u>\$ 2,202,622</u>	<u>\$ 2,087,565</u>	<u>\$ 2,012,929</u>	<u>\$ 1,867,067</u>	<u>\$ 1,793,169</u>	<u>\$ 1,703,902</u>	<u>\$ 1,557,336</u>	<u>\$ 1,404,761</u>
Plan Fiduciary Net Position									
Contributions - employer	47,613	42,555	41,618	37,741	36,477	38,008	36,754	33,241	32,533
Contributions - employee	32,421	28,921	28,339	25,724	24,815	25,731	24,834	22,460	21,970
Net investment income	(182,996)	292,122	160,130	282,405	(57,934)	233,054	104,981	2,252	81,006
Benefit payments, including refunds of employee contributions	(81,996)	(95,736)	(97,761)	(61,244)	(109,098)	(43,378)	(37,358)	(29,786)	(24,503)
Administrative expense	(1,583)	(1,351)	(1,036)	(1,595)	(1,119)	(1,207)	(1,185)	(1,371)	(846)
Other	1,890	8	(40)	(48)	(59)	(61)	(64)	(68)	(70)
Net Change in Plan Fiduciary Net Position	(184,651)	266,519	131,250	282,983	(106,918)	252,147	127,962	26,728	110,090
Plan Fiduciary Net Position - Beginning	<u>2,506,641</u>	<u>2,240,122</u>	<u>2,108,872</u>	<u>1,825,889</u>	<u>1,932,807</u>	<u>1,680,661</u>	<u>1,552,699</u>	<u>1,525,971</u>	<u>1,415,881</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,321,990</u>	<u>\$ 2,506,641</u>	<u>\$ 2,240,122</u>	<u>\$ 2,108,872</u>	<u>\$ 1,825,889</u>	<u>\$ 1,932,808</u>	<u>\$ 1,680,661</u>	<u>\$ 1,552,699</u>	<u>\$ 1,525,971</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 27,312	\$ (304,019)	\$ (152,557)	\$ (95,943)	\$ 41,178	\$ (139,639)	\$ 23,241	\$ 4,637	\$ (121,210)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.84%	113.80%	107.31%	104.77%	97.79%	107.79%	98.64%	99.70%	108.63%
Covered Employee Payroll	\$ 463,164	\$ 413,151	\$ 404,841	\$ 367,489	\$ 354,494	\$ 367,584	\$ 354,772	\$ 320,864	\$ 313,859
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	5.90%	-73.59%	-37.68%	-26.11%	11.62%	-37.99%	6.55%	1.45%	-38.62%

The accompanying notes are an integral part of this statement

CITY OF PLAINS
Plains, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - TMRS
(unaudited)

	Measurement Year					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 1,667	\$ 1,694	\$ 1,417	\$ 955	\$ 1,099	\$ 992
Interest (on the Total OPEB Liability)	745	717	796	660	507	480
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(968)	1,356	(86)	4,127	2,321	-
Change of assumptions	(13,647)	1,254	4,860	5,265	(1,322)	1,176
Benefit payments, including refunds of employee contributions	(417)	(331)	(121)	(73)	(71)	(74)
Net change in Total OPEB Liability	(12,620)	4,690	6,866	10,934	2,534	2,574
Total OPEB Liability - Beginning	<u>39,841</u>	<u>35,151</u>	<u>28,285</u>	<u>17,351</u>	<u>14,817</u>	<u>12,243</u>
Total OPEB Liability - Ending	<u>\$ 27,221</u>	<u>\$ 39,841</u>	<u>\$ 35,151</u>	<u>\$ 28,285</u>	<u>\$ 17,351</u>	<u>\$ 14,817</u>
Covered Employee Payroll	\$ 463,164	\$ 413,151	\$ 404,841	\$ 367,489	\$ 354,494	\$ 367,584
Total OPEB Liability/(Asset) as a Percentage of Covered Payroll	5.88%	9.64%	8.68%	7.70%	4.89%	4.03%

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

SCHEDULE OF CONTRIBUTIONS - TMRS PENSION
(unaudited)

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 20,685	\$ 19,881	\$ 18,085	\$ 19,588	\$ 23,965	\$ 28,028	\$ 25,297	\$ 19,886	\$ 19,572
Contributions in relation to the actuarially determined contribution	<u>52,348</u>	<u>46,839</u>	<u>41,420</u>	<u>41,724</u>	<u>35,820</u>	<u>37,689</u>	<u>37,650</u>	<u>35,423</u>	<u>33,532</u>
Contribution (deficiency) excess	<u>\$ 31,663</u>	<u>\$ 26,958</u>	<u>\$ 23,335</u>	<u>\$ 22,136</u>	<u>\$ 11,855</u>	<u>\$ 9,661</u>	<u>\$ 12,353</u>	<u>\$ 15,537</u>	<u>\$ 13,960</u>
Covered employee payroll	\$ 510,242	\$ 453,157	\$ 402,320	\$ 405,932	\$ 348,590	\$ 364,380	\$ 363,922	\$ 341,908	\$ 323,655
Contributions as a percentage of covered employee payroll	10.26%	10.34%	10.30%	10.28%	10.28%	10.34%	10.35%	10.36%	10.36%

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

SCHEDULE OF CONTRIBUTIONS - TMRS OPEB
(unaudited)

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 1,560	\$ 974	\$ 823	\$ 904	\$ 782	\$ 565
Contributions in relation to the actuarially determined contribution	<u>1,560</u>	<u>974</u>	<u>823</u>	<u>904</u>	<u>782</u>	<u>565</u>
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 510,242	\$ 453,157	\$ 402,320	\$ 405,932	\$ 348,590	\$ 364,380
Contributions as a percentage of covered employee payroll	0.31%	0.21%	0.20%	0.22%	0.22%	0.16%

The accompanying notes are an integral part of this statement.

CITY OF PLAINS
Plains, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Schedule of Contributions for Pensions – TMRS

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

N/A

Asset Valuation Method

10 year smoothed market; 12% soft corridor

Inflation

2.50%

Salary Increases

3.50% to 11.5% including inflation

Investment Rate of Return

6.75%

Retirement Age

Experience-based table of rates that are specific to the City's plan of benefits. 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

There were no benefit changes during the year.

CITY OF PLAINS
Plains, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Schedule of Contributions for OPEB – TMRS

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

Asset Valuation

For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

Inflation

2.5%

Salary Increases

3.50% 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 Statement No. 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.

Note: 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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PLAINS
Plains, Texas

COMBINING STATEMENT OF NET POSITION -- ALL ENTERPRISE FUNDS
September 30, 2023

	Water	Gas	Sewer	Garbage	Total
ASSETS					
<u>Current Assets:</u>					
Cash in Bank	\$ 360,987	\$ 227,316	\$ -	\$ -	\$ 588,303
Cash in Bank - Restricted	3,056,819	60,000	-	-	3,116,819
Accounts Receivable	45,224	9,630	13,785	22,569	91,208
Allowance for Uncollectible	(1,916)	(305)	(951)	(1,052)	(4,224)
Due from Other Governments	-	-	-	-	-
Notes Receivable - Current	12,000	-	-	-	12,000
<u>Total Current Assets</u>	<u>3,473,114</u>	<u>296,641</u>	<u>12,834</u>	<u>21,517</u>	<u>3,804,106</u>
<u>Noncurrent Assets:</u>					
Notes Receivable - noncurrent	83,840	-	-	-	83,840
Net Pension Asset	-	-	-	-	-
Land	268,970	750	1,250	36,750	307,720
Construction in Progress	349,848	-	-	-	349,848
Buildings and Improvements, net	-	-	-	-	-
Utility Systems & Equipment, net	807,066	92,093	774,518	26,057	1,699,734
Furniture & Equipment, net	-	-	-	127,355	127,355
<u>Total Noncurrent Assets</u>	<u>1,509,724</u>	<u>92,843</u>	<u>775,768</u>	<u>190,162</u>	<u>2,568,497</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 4,982,838</u>	 <u>\$ 389,484</u>	 <u>\$ 788,602</u>	 <u>\$ 211,679</u>	 <u>\$ 6,372,603</u>
 DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Lease Contract	-	-	6,247	-	6,247
Deferred Outflows - Pension	41,269	41,139	37,540	16,101	136,049
Deferred Outflows - OPEB	1,824	1,834	1,667	725	6,050
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>43,093</u>	<u>42,973</u>	<u>45,454</u>	<u>16,826</u>	<u>148,346</u>
 LIABILITIES:					
<u>Current Liabilities</u>					
Accounts Payable	\$ 113,196	\$ 3,419	\$ 2,922	\$ 5,016	\$ 124,553
Accrued Interest Payable	5,597	-	-	-	5,597
<u>Noncurrent Liabilities</u>					
Customer Deposits	19,605	40,080	-	2,700	62,385
Net Pension Liability	5,425	5,291	4,674	1,027	16,417
Net OPEB Liability	5,977	5,984	5,491	2,288	19,740
Premium on Bond Issuance	83,685	-	-	-	83,685
Due within one year	74,184	4,184	4,184	20,001	102,553
Due in more than one year	2,978,979	8,979	8,979	-	2,996,937
<u>TOTAL LIABILITIES</u>	<u>3,286,648</u>	<u>67,937</u>	<u>26,250</u>	<u>31,032</u>	<u>3,411,867</u>
 DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Grant Revenues	197,648	-	-	-	197,648
Deferred Inflows - Pension	119	161	190	505	975
Deferred Inflows - OPEB	2,206	2,199	2,009	804	7,218
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>199,973</u>	<u>2,360</u>	<u>2,199</u>	<u>1,309</u>	<u>205,841</u>
 NET POSITION					
Net investment in capital assets	1,337,851	79,680	762,605	170,161	2,350,297
Restricted - Debt Service	8,004	-	-	-	8,004
Restricted - Collateralized Deposits	-	60,000	-	-	60,000
Unrestricted	193,455	222,480	43,002	26,003	484,940
<u>TOTAL NET POSITION</u>	<u>1,539,310</u>	<u>362,160</u>	<u>805,607</u>	<u>196,164</u>	<u>2,903,241</u>

CITY OF PLAINS
Plains, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--
ALL ENTERPRISE FUNDS
For the Year Ended September 30, 2023

	Water	Gas	Sewer	Garbage	Total
<u>Operating Revenues</u>					
Sales	\$ 410,598	\$ 382,509	\$ 154,512	\$ 249,355	\$ 1,196,974
Penalties	5,597	5,214	2,106	3,399	16,316
Tap Fees	693	646	261	-	1,600
Miscellaneous	-	-	-	-	-
<u>Total Operating Revenues</u>	<u>416,888</u>	<u>388,369</u>	<u>156,879</u>	<u>252,754</u>	<u>1,214,890</u>
<u>Operating Expenses</u>					
Cost of Sales	40,941	168,746	12,356	45,107	267,150
Salaries	94,371	94,175	86,330	61,416	336,292
Payroll Taxes	1,549	1,546	1,431	2,629	7,155
Retirement Costs	19,408	19,361	17,707	7,080	63,556
Supplies	226	226	21,374	93	21,919
Repairs & Maintenance	57,685	14,706	24,375	31,730	128,496
Utilities & Fuel	4,538	4,538	22,308	22,224	53,608
Employee Expenses and Training	-	-	1,247	132	1,379
Insurance	22,548	21,459	21,508	21,388	86,903
Depreciation	90,188	15,668	55,249	25,570	186,675
Professional Fees	-	5,500	8,000	-	13,500
Miscellaneous	894	530	258	263	1,945
<u>Total Operating Expenses</u>	<u>332,348</u>	<u>346,455</u>	<u>272,143</u>	<u>217,632</u>	<u>1,168,578</u>
<u>Operating Income (Loss) Before</u>					
<u>Operating Transfers</u>	<u>84,540</u>	<u>41,914</u>	<u>(115,264)</u>	<u>35,122</u>	<u>46,312</u>
<u>Non-Operating Revenues (Expenses)</u>					
Interest Income	9,931	-	-	-	9,931
Interest Expense	(6,337)	(740)	(740)	(1,343)	(9,160)
Bond Issuance Costs	(74,421)	-	-	-	(74,421)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(70,827)</u>	<u>(740)</u>	<u>(740)</u>	<u>(1,343)</u>	<u>(73,650)</u>
<u>Transfers and Capital Contributions</u>					
Capital Contributions	144,322	-	269,626	-	413,948
Transfers In (Out)	(22,052)	137,354	83,722	(25,221)	173,803
<u>Total Transfers and Capital Contributions</u>	<u>122,270</u>	<u>137,354</u>	<u>353,348</u>	<u>(25,221)</u>	<u>587,751</u>
Net Income (Loss)	135,983	178,528	237,344	8,558	560,413
<u>NET POSITION</u>					
Net Position, Beginning of Year	<u>1,403,327</u>	<u>183,632</u>	<u>568,263</u>	<u>187,606</u>	<u>2,342,828</u>
Net Position, End of Year	<u>1,539,310</u>	<u>362,160</u>	<u>805,607</u>	<u>196,164</u>	<u>2,903,241</u>

CITY OF PLAINS
Plains, Texas

COMBINING STATEMENT OF CASH FLOWS -- ALL ENTERPRISE FUNDS
For the Year Ended September 30, 2023

	Water	Gas	Sewer	Garbage	Total
<u>Cash Flows from Operating Activities:</u>					
Receipts from Customers	407,637	388,858	156,472	250,559	1,203,526
Payments to Suppliers	(126,348)	(221,294)	(108,832)	(116,198)	(572,672)
Payments to Employees	(105,809)	(105,585)	(96,785)	(67,669)	(375,848)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>175,480</u>	<u>61,979</u>	<u>(49,145)</u>	<u>66,692</u>	<u>255,006</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Operating Transfers	(22,052)	137,354	83,722	(25,221)	173,803
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>(22,052)</u>	<u>137,354</u>	<u>83,722</u>	<u>(25,221)</u>	<u>173,803</u>
<u>Cash Flows from Investing Activities:</u>					
Interest Income	9,931	-	-	-	9,931
<u>Net Cash Provided by Investing Activities</u>	<u>9,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,931</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>					
Acquisition of Fixed Assets	(169,374)	-	(299,475)	(14,350)	(483,199)
Proceeds from Debt Acquired for Fixed Assets	3,049,264	-	-	-	3,049,264
Proceeds from Capital Contributions	341,970	-	269,626	-	611,596
Payments on Debt Acquired for Fixed Assets	(4,728)	(4,728)	(4,728)	(27,121)	(41,305)
Payments Received from Notes Receivable	14,000	-	-	-	14,000
<u>Net Cash Provided (Used) by Capital & Related Financing Activities</u>	<u>3,231,132</u>	<u>(4,728)</u>	<u>(34,577)</u>	<u>(41,471)</u>	<u>3,150,356</u>
Net Increase (Decrease) in Cash & Cash Equivalents	3,394,491	194,605	-	-	3,589,096
Cash & Cash Equivalents--Beginning of Year	23,315	92,711	-	-	116,026
<u>Cash & Cash Equivalents--End of Year</u>	<u>3,417,806</u>	<u>287,316</u>	<u>-</u>	<u>-</u>	<u>3,705,122</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 84,540	\$ 41,914	\$ (115,264)	\$ 35,122	\$ 46,312
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:					
Depreciation	90,188	15,668	55,249	25,570	186,675
(Increase) Decrease in Net Pension Asset/Liability	66,745	66,579	60,894	24,463	218,681
(Increase) Decrease in Deferred Inflows/Outflows Pensions	(57,567)	(57,420)	(52,522)	(21,133)	(188,642)
(Increase) Decrease in Net OPEB Asset/Liability	(2,305)	(2,298)	(2,104)	(841)	(7,548)
(Increase) Decrease in Deferred Inflows/Outflows OPEB	2,646	2,636	2,415	967	8,664
(Increase) Decrease in Deferred Lease Payments	-	-	2,082	-	2,082
(Increase) Decrease in Receivables	(9,751)	(261)	(407)	(2,195)	(12,614)
Increase (Decrease) in Liabilities	984	(4,839)	512	4,739	1,396
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>175,480</u>	<u>61,979</u>	<u>(49,145)</u>	<u>66,692</u>	<u>255,006</u>
	-	-	-	-	-

CITY OF PLAINS
Plains, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended September 30, 2023

Years Ended September 30	Tax Rate Per \$100 Value	Assessed/Appraised Value for Tax Purposes	Balance 10/01/22	Add: Current Levy	Less: Collections	Total Year's Adjustments	Balance 09/30/23
2014 and Prior	\$ --	\$ --	\$ 9	\$ -	\$ -	\$ (1)	\$ 8
2015	0.389426	33,115,663	226	-	-	(19)	207
2016	0.371468	36,144,971	282	-	-	(7)	275
2017	0.371468	37,293,657	286	-	-	(18)	268
2018	0.360456	39,018,355	294	-	10	(1)	283
2019	0.350092	42,299,453	527	-	153	-	374
2020	0.357907	44,351,186	740	-	209	-	531
2021	0.366816	44,016,073	2,578	-	756	(23)	1,799
2022	0.388050	42,945,497	4,600	-	1,280	(205)	3,115
2023	0.399321	43,209,598	-	172,545	165,895	(134)	6,516
<u>Totals</u>			<u>\$ 9,542</u>	<u>\$ 172,545</u>	<u>\$ 168,303</u>	<u>\$ (408)</u>	<u>\$ 13,376</u>

Terry & King, CPAs, P.C.

5707 114th Street
P.O. Box 93550
Lubbock, TX 79493-3550

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

Telephone - (806) 698-8858 – Fax – (866) 288-6490

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 Plains, Texas
P.O. Box 550
Plains, Texas 79355

Members of the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plains, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Plains' basic financial statements, and have issued our report thereon dated January 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Plains' 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 Plains' 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.



Independent Auditors' Report
Page 2

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 Plains' 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,



Terry & King, CPAs, P.C.
Lubbock, Texas
January 8, 2024