



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2024

CITY MANAGER

Marc Maxwell

Prepared By:

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Assistant City Manager – Finance Director

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Accounting Specialist

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| INTRODUCTORY SECTION (Unaudited) | |
| Letter of Transmittal | i |
| GFOA Certificate of Achievement..... | iv |
| Organizational Chart | v |
| List of Principal Officials..... | vi |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis (Unaudited) | 4 |
| Basic Financial Statements: | |
| Government – Wide Financial Statements: | |
| Statement of Net Position | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 14 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 16 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 17 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position - Proprietary Funds..... | 20 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds..... | 22 |
| Statement of Cash Flows - Proprietary Funds..... | 23 |
| Statement of Fiduciary Net Position – Pension Trust Funds..... | 25 |
| Statement of Changes in Fiduciary Net Position – Pension Trust Funds..... | 26 |
| Notes to the Financial Statements | 27 |
| Required Supplementary Information (Unaudited): | |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund | 59 |
| Schedule of Changes in Net Pension Liability and Related Ratios..... | 61 |
| Schedule of Pension Contributions | 63 |
| Schedule of Changes in Total OPEB Liability and Related Ratios..... | 65 |
| Combining and Individual Fund Statements and Schedules (Unaudited): | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 68 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds..... | 70 |
| Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Enterprise Fund | 72 |

TABLE OF CONTENTS
(continued)

| | <u>Page Number</u> |
|---------------------------------------------------------------------------------------------------------|------------------------|
| Combining and Individual Fund Statements and Schedules (continued): | |
| Combining Statement of Fiduciary Net Position – Pension Trust Funds | 73 |
| Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds..... | 74 |
| Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Airport Fund | 75 |

STATISTICAL SECTION (Unaudited)

| | |
|---------------------------------------------------------------------|-----|
| Net Position by Component..... | 77 |
| Changes in Net Position..... | 79 |
| Governmental Activities Tax Revenues by Source..... | 83 |
| Fund Balances of Governmental Funds | 84 |
| Changes in Fund Balances of Governmental Funds..... | 86 |
| General Governmental Tax Revenues by Source | 88 |
| Assessed Value and Estimated Actual Value of Taxable Property | 89 |
| Property Tax Rates – Direct and Overlapping Governments | 90 |
| Principal Property Taxpayers..... | 91 |
| Property Tax Levies and Collections | 92 |
| Water and Sewer Revenues..... | 93 |
| Ratios of Outstanding Debt by Type..... | 94 |
| Ratios of General Bonded Debt Outstanding | 96 |
| Direct and Overlapping Governmental Activities Debt | 97 |
| Legal Debt Margin Information | 98 |
| Pledged-Revenue Coverage | 100 |
| Demographic and Economic Statistics..... | 101 |
| Principal Employers..... | 102 |
| Full-time Equivalent City Government Employees by Function | 103 |
| Operating Indicators by Function | 105 |
| Capital Asset Statistics by Function | 107 |

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INTRODUCTORY SECTION



March 5, 2025

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Sulphur Springs, Texas

State law requires that every general-purpose local government publish and file in the office of the municipal secretary, within 180 days of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2024.

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

Vail & Park, P.C., has issued an unmodified ("clean") opinion on the City of Sulphur Springs, Texas financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Sulphur Springs, Texas, incorporated in 1859, is located in the northeastern part of the state. It currently occupies almost 32 square miles and serves a population of 16,564. The City of Sulphur Springs, Texas is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, although recent legislation has greatly reduced this ability.

The City of Sulphur Springs, Texas has operated under the council-manager form of government since 1947. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six other members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments. Council members serve three-year terms. The mayor is appointed each year by vote of the City Council. The mayor and council members are elected at large.

The City of Sulphur Springs, Texas provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational and cultural activities. The City of Sulphur Springs, Texas also is financially accountable for a legally separate economic development corporation which is reported separately within the City of Sulphur Springs, Texas financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements.

Each year, on or before September 30, the City Council adopts the annual operating budget for the ensuing fiscal year. Financial activities of the general, debt service, water and sewer, capital project funds, internal service, and special revenue funds such as hotel/motel tax and airport are included in the City's annual appropriated budget which serves as the foundation for financial planning and control. Capital project funds are budgeted for project length. The Debt Service and Capital Project Funds do not have formal budgets since all are controlled by contractual obligations approved at inception or as part of the General Fund on an annual basis. The legal level of control for each budget is at the fund level, which is to say that total expenditures for each fund should not exceed total budgeted expenditures for that fund. Department heads may transfer resources within a department as they see fit. The City Manager is authorized to transfer budgeted amounts within and among departments within any fund. The City Council must approve any budget amendment that increases appropriations by fund. The budget is prepared by fund, and department (e.g., police).

Local Economy

The economic outlook for Sulphur Springs and Hopkins County continues to remain positive. In the past, the economy of Sulphur Springs included a rich history of dairy farming and major contributors to our economy now includes 3 major food processing industries and over 20 manufacturing businesses. The combined efforts of the SS/Hop Co EDC and local governments continues to attract more industries.

With the City's acquisition of the Thermo Mine property in November 2019, the City and EDC are receiving a lot of interest from major industrial businesses. Listed below are two development agreements the City has entered into:

- In November 2022, the City signed a tax abatement agreement with Ashoka Steel for the construction of a new 345,000 sq. ft. steel factory with an initial investment of \$245,000,000. The facility must be completed by June 1, 2026. As part of the abatement, they must maintain a minimum of 315 jobs. The City will abate taxes 70% each year for the first 5 years and 50% for the next five years. As of the date of this letter, Ashoka has not begun construction.
- In November 2023, The City signed a tax abatement with Signature Solar for improvements to a previously vacant facility with a minimum investment of \$5,000,000 and creation of 500 jobs over a period of 5 years.

In 2024, 10 commercial permits were issued with a valuation of \$18.24 million. In addition to business growth, the City has experienced residential growth as well. In 2024, 63 residential permits were issued with a valuation of \$10,663,540. To address the single-family home shortage, in addition to filling in vacant lots within the City, the City Council established the Housing Infill Program in 2020. This program provides incentives to builders that construct a new single-family home in certain areas of town. To date, the program has resulted in 53 new homes with an increase in assessed valuation of \$10.9 million. With the combination of our vibrant downtown, parks, schools, new jobs, and expansion along the I-30 corridor, and within the former mining property, the City expects to see our local economy flourish in the coming years.

At the end of 2024, the unemployment rate was 3.3% which is the same as 2023's rate. Local sales tax collection growth slowed down in FY 2024 to 2.55% which is the slowest level of growth we have seen in several years. In 2023, sales tax increased 5.69%. Other historical sales tax growth rates are as follows: 11.73% in 2022, 8.74% in 2021, 4.62% in 2020, and 7.17% in 2019. As of February 2025, sales tax is up year over year by 7.10%.

Long-Term Financial Planning

In 1998, the City of Sulphur Springs started budgeting significant resources for its Capital Improvement Plan (CIP). The annual CIP was part of a long-term planning document which had been finalized in 1997. Funding was designed to be ongoing year by year. Significant progress was made from 2008-2016 on capital projects but has been scaled back in recent years due to budgetary constraints and an increase in the cost of materials over time. In 2018, a new CIP was adopted that includes the reconstruction of 10 streets, and associated utilities and drainage. Along with the 10 streets being reconstructed in the plan, 24 streets are a part of the Street Improvement Plan (SIP) in which they will receive maintenance and overlays. The CIP and SIP are budgeted in conjunction with the annual adopted operating budget and carry over as needed from year-to-year. In the past, the City has used debt to fund a significant portion of the capital projects. The 5-year plan adopted in 2018 does not include the issuance of any new debt for these projects. The 5-year CIP was supposed to wrap up in Fiscal Year 2023, but project delays have carried the projects into Fiscal Year 2025 and likely into FY 2026. A committee composed of City staff is currently working on compiling the next 5-year CIP.

To pay for the water and sewer projects in the CIP, the City completes an analysis of water and sewer cost of service annually to determine whether rate increases are necessary. The City's utility system continues to be financially sound due to the City's commitment to increasing rates as necessary to provide for adequate upkeep and expansion of the utility system.

In December 2018, the City Council approved a Street Maintenance Fee (SMF). A Street Maintenance Fee (SMF) is a fee collected from benefitted properties within the city limits for the purpose of maintaining the street system. The collected fees go into a separate fund named a Street Improvement Fund. Monies collected are separate from the General Fund and can only be applied to activities related to maintaining the street system. January 2019 marked the first month of collection of the SMF. The City initially planned to spend roughly \$560,000 annually over the next five years which would allow us to maintain about 2 miles of street network a year. The additional \$500,000 annually has allowed the City to essentially double our efforts for street maintenance. With the increase in the SMF in 2021, the City is now closer to fully funding our street maintenance efforts.

During FY 2008, the City of Sulphur Springs created a Tax Increment Financing Reinvestment Zone to redevelop its downtown core. The Project and Financial Plan was adopted in 2009 and financially guided that work through its completion. Work on the downtown started in the latter part of 2009 and continued through 2012. Work was completed in 2013. At this point the City is diligently working to increase commercial activity in its downtown district. Since 2007, taxable values of properties located in the TIFRZ have increased 137%.

Major Initiatives

In 2010, the State completed construction on a new section of highway linking Hwy 154 with Hwy 19 by extending Hwy 11, essentially completing a long anticipated southern section of a loop around Sulphur Springs. The section continues a road upon which both Walmart and Lowes have frontage, creating the opportunity for additional commercial development. Seven years ago, the school district opened a new Middle School on that highway. In 2012, two new apartment complexes were started on that highway and completed as of 2014. Development in that area had been largely stalled because of a Pro Rata agreement that the school district had for the water and sewer lines that they paid for. The agreement ended on February 1, 2019 and since then a storage unit business was constructed that also contains office space and a new funeral home was completed in 2022. In 2024, a new bank opened for business on Wildcat Way, along with a new coffee business.

In October 2018, the City signed a development agreement with Luminant Mining Company in which Luminant agreed to deed 4,858 acres located just outside of the City limits to the City. On November 22, 2019, the transfer of the land was complete. City Council annexed the City's land into the city limits on March 3, 2020. The donation of this land provides the City and its citizens with significant possibilities in the near future such as industrial parks, residential and retail development and recreational uses. In FY 2024, the City of Sulphur Springs created Tax Increment Reinvestment Zone #2. This zone consists of 4,333 acres that the City owns. The base value is estimated at \$6.7 million. To date, there are no increases in the value of the zone but the City is working diligently to bring development to this area. The City, Hospital District, and Hopkins County are each participating at 75% of the increment. The creation of the zone will catalyze the growth of that property. A new 2-mile road paid in part by a grant from the Economic Development Administration is nearing completion.

Awards & Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sulphur Springs, Texas for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the 31st consecutive year that the government has received this prestigious award. Due to timing issues created in part by the pandemic, the City did not submit the 2021 report for review and potential award. The 2022 and 2023 reports were submitted for review, but we did not receive the award. To be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized annual report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. With the recommended updates to the report, we believe that our current annual report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sulphur Springs, Texas finances.

Respectfully submitted,



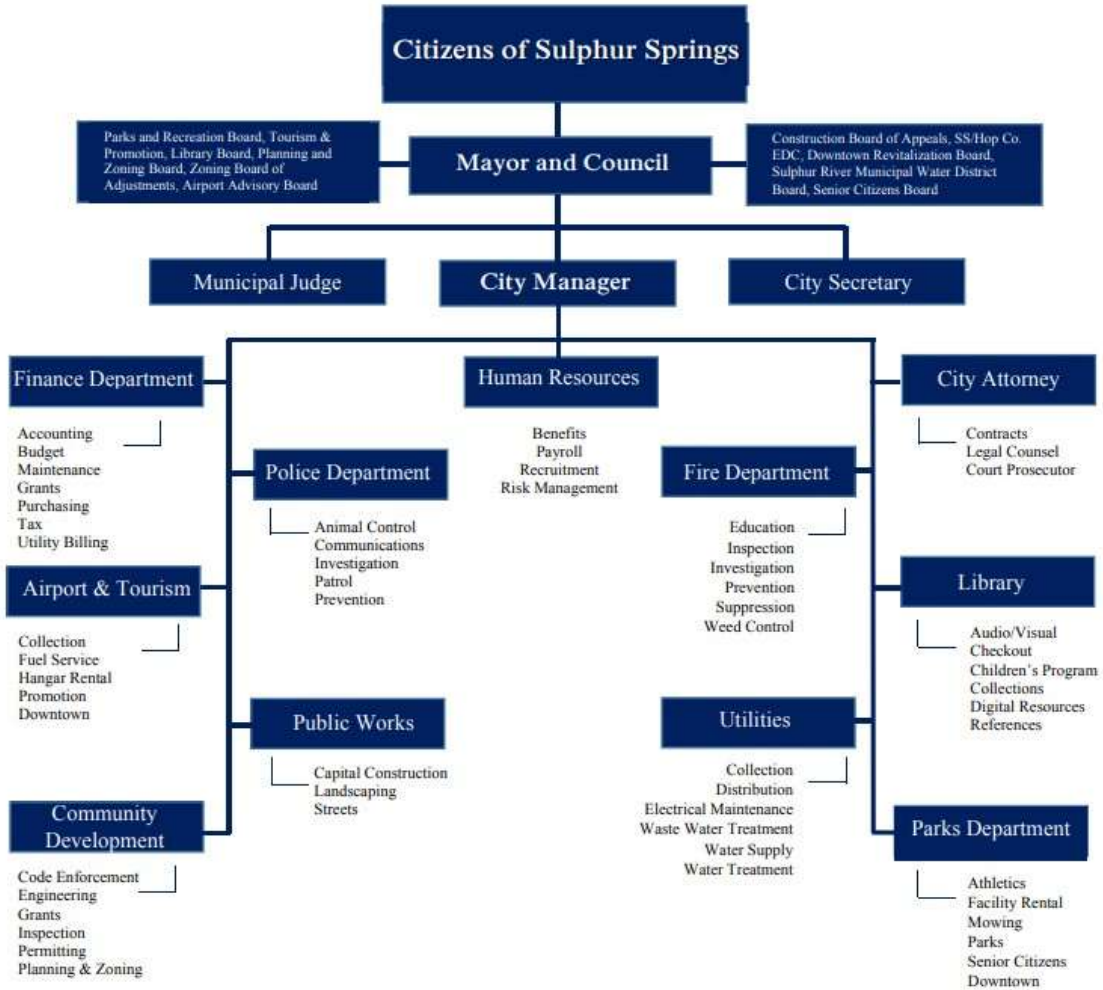
Marc Maxwell
City Manager

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CITY OF SULPHUR SPRINGS, TEXAS

Organizational Chart

September 30, 2024



CITY OF SULPHUR SPRINGS, TEXAS

List of Principal Officials
September 30, 2024

| <u>Title</u> | <u>Name</u> |
|-------------------------------------|-------------------|
| Mayor | Harold Nash |
| Mayor Pro-Tem | Oscar Aguilar |
| Councilman | Jay Julian |
| Councilman | John Sellers |
| Councilman | Tommy Harrison |
| Councilman | Gary Spraggins |
| Councilman | Tyler Law |
| City Manager | Marc Maxwell |
| City Secretary | Natalie Burling |
| City Attorney | Nate Smith |
| ACM/ Finance Director | Lesa Smith |
| ACM/ Community Development Director | Tory Niewiadomski |
| ACM/ Director of Human Resources | Gordon Frazier |
| Library Director | Hope Cain |
| Parks and Recreation Director | Jerry Maynard |
| Director of Airport and Tourism | Joey Baker |
| Police Chief | Jason Ricketson |
| Fire Chief | David James |
| Utilities Director | James Jordan |
| Public Works Director | Bryan Craig |
| Accounting Specialist | Oscar Aguayo |

FINANCIAL SECTION

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Independent Auditors’ Report

To the Honorable Mayor and Members of the City Council

City of Sulphur Springs, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sulphur Springs (the “City”) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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.

Emphasis of Matters

A restatement was necessary to correct the opening balance in the statement of the net position of the Economic Development Corporation. This resulted in a decrease in the net position by \$8,770,478, and a corresponding net decrease in capital assets by the same amount. See “Correction of an Error in Previously Issued Financial Statements” footnote.

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, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios on pages 4 - 10, 59 - 60, and 61 - 66, respectively 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 basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the City's 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Vail + Park, P.C.

Frisco, Texas

March 19, 2025

City of Sulphur Springs, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2024

As management of the City of Sulphur Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report. All amounts, unless otherwise indicated, are expressed in actual dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$90,264,588 (net position). Of this amount, \$26,395,862, (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$9,738,369. This increase can be attributed to the increases in property tax revenue, sales tax revenue, charges for services, interest revenue, and grant revenue. The increase in property tax revenue was mainly due to the increase in property appraisals. The increase in interest revenue was due to the City allocating more funds in interest bearing accounts and an increase in interest rates. The increase in grant revenue was due to the City recognizing ARPA grant in the current year. The increase in sales tax revenue is due to an increase in population of approximately 1% and an increase in costs of goods.
- As of the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$12,471,348, an increase of \$95,690 in comparison with the prior year. The increase of governmental fund balance is largely attributed to the increases in grant revenues, sales tax, revenue, and property tax revenue, as noted above.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,847,125 or approximately 57 percent of total general fund expenditures.
- The City's noncurrent liabilities increased by \$8,788,760 during the current fiscal year. This is mainly due to an issuance of 2024 bond of approximately \$11,795,000.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation. The business-type activities of the City include the water treatment

City of Sulphur Springs, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2024

plant and distribution system, wastewater treatment plant and collection system, as well as sanitation collection and disposal.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation (the "Corporation"). Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The economic development corporation issues separate financial statements.

The government-wide financial statements can be found on pages 11 - 13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, and capital projects fund, all of which are considered to be major funds. Data from the eight other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and the airport fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 14 – 19 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer and Sanitation operations. *Internal Services Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal services funds to account for its various type of insurance program including its' partially self-funded employee health plan.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Sanitation operations, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20 – 24 of this report.

City of Sulphur Springs, Texas
Management’s Discussion and Analysis (Unaudited)
September 30, 2024

Pension Trust Funds. Pension Trust funds are used to account for resources held for the benefit of parties outside the government in a trustee capacity for a defined contribution pension plan. Pension Trust funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s own programs. The accounting used for Pension Trust funds is much like that used for proprietary funds.

The basic Pension Trust funds financial statements can be found on pages 25 – 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 – 58 of this report.

Other Information: The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The individual fund schedule provides a budgetary comparison schedule for the enterprise fund. Combining and individual fund statements and schedules can be found on pages 67 – 75 of this report.

Government–Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceed liabilities by \$90,264,588 at the close of the most recent fiscal year.

A portion of the City’s net position (approximately 67 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SULPHUR SPRINGS – Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current & Other Assets | \$ 15,195,640 | \$ 17,981,190 | \$ 19,556,339 | \$ 10,262,305 | \$ 34,751,979 | \$ 28,243,495 |
| Capital Assets | 57,276,296 | 50,454,212 | 46,926,329 | 43,368,149 | 104,202,625 | 93,822,361 |
| Total Assets | <u>72,471,936</u> | <u>68,435,402</u> | <u>66,482,668</u> | <u>53,630,454</u> | <u>138,954,604</u> | <u>122,065,856</u> |
| Deferred Outflows | 1,380,516 | 2,664,808 | 456,254 | 891,610 | 1,836,770 | 3,556,418 |
| Total Assets & Deferred Outflows | <u>73,852,452</u> | <u>71,100,210</u> | <u>66,938,922</u> | <u>54,522,064</u> | <u>140,791,374</u> | <u>125,622,274</u> |
| Noncurrent Liabilities | 17,244,174 | 16,469,819 | 30,407,692 | 22,393,287 | 47,651,866 | 38,863,106 |
| Other Liabilities | 1,274,200 | 4,556,025 | 1,295,355 | 1,083,603 | 2,569,555 | 5,639,628 |
| Total Liabilities | <u>18,518,374</u> | <u>21,025,844</u> | <u>31,703,047</u> | <u>23,476,890</u> | <u>50,221,421</u> | <u>44,502,734</u> |
| Deferred Inflows | 228,318 | 444,573 | 75,459 | 148,748 | 303,777 | 593,321 |
| Total Liabilities & Deferred Inflows | <u>18,746,692</u> | <u>21,470,417</u> | <u>31,778,506</u> | <u>23,625,638</u> | <u>50,525,198</u> | <u>45,096,055</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 42,820,508 | 38,040,737 | 17,696,107 | 22,444,804 | 60,516,615 | 60,485,541 |
| Restricted | 2,147,111 | 3,100,430 | 1,205,000 | 453,782 | 3,352,111 | 3,554,212 |
| Unrestricted | 10,138,141 | 8,488,626 | 16,259,309 | 7,997,840 | 26,397,450 | 16,486,466 |
| Total Net Position | <u>\$ 55,105,760</u> | <u>\$ 49,629,793</u> | <u>\$ 35,160,416</u> | <u>\$ 30,896,426</u> | <u>\$ 90,266,176</u> | <u>\$ 80,526,219</u> |

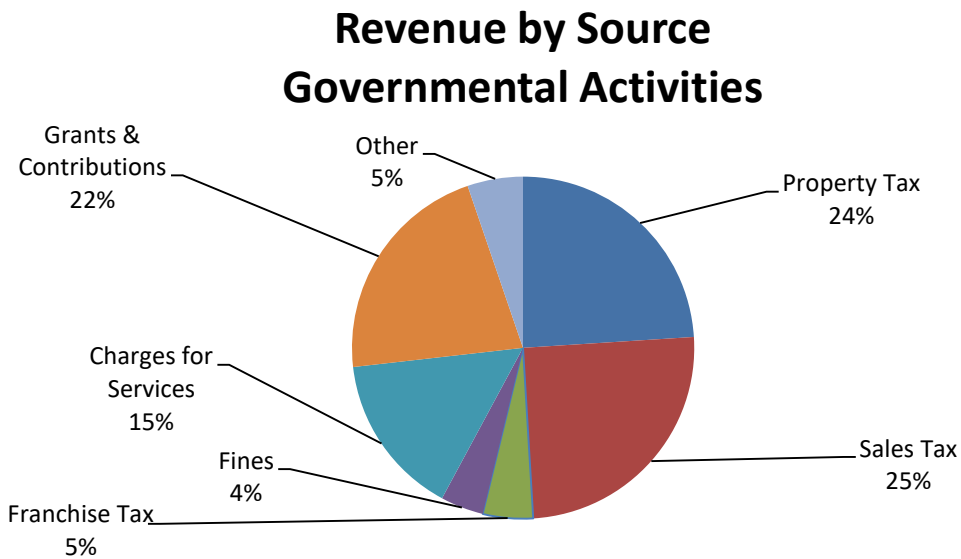
City of Sulphur Springs, Texas
Management’s Discussion and Analysis (Unaudited)
September 30, 2024

An additional portion of the City’s net position (approximately 4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$26,395,588 is available to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

Governmental Activities

Governmental activities (after transfers) increased the City’s net position by \$5,474,379. This increase is lower from prior fiscal year due to mainly attributed to the increases in grant revenues due to recognition of ARPA grant in the current year with increases in expenses and a net transfer out instead of a net transfer in.



City of Sulphur Springs, Texas
Management’s Discussion and Analysis (Unaudited)
September 30, 2024

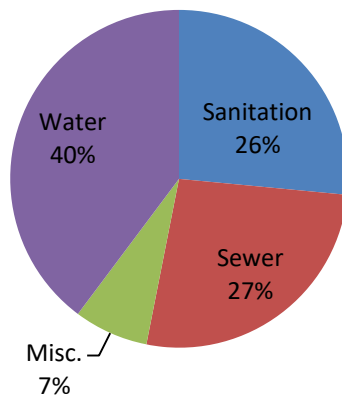
CITY OF SULPHUR SPRINGS – Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 4,866,377 | \$ 3,048,184 | \$ 17,424,393 | \$ 16,314,499 | \$ 22,290,770 | \$ 19,362,683 |
| Operating Grants & Contributions | 3,615,365 | 719,323 | - | - | 3,615,365 | 719,323 |
| Capital Grants & Contributions | 1,893,464 | 2,742,949 | - | - | 1,893,464 | 2,742,949 |
| General Revenues: | | | | | | |
| Property Taxes | 6,021,070 | 5,684,615 | - | - | 6,021,070 | 5,684,615 |
| Other Taxes | 7,540,338 | 7,420,951 | - | - | 7,540,338 | 7,420,951 |
| Interest | 780,162 | 684,339 | 582,421 | 428,351 | 1,362,583 | 1,112,690 |
| Other | 380,541 | 381,623 | 175,791 | 178,762 | 556,332 | 560,385 |
| Total Revenues | 25,097,317 | 20,681,984 | 18,182,605 | 16,921,612 | 43,279,922 | 37,603,596 |
| Expenses: | | | | | | |
| General Government | 3,273,634 | 3,609,086 | - | - | 3,273,634 | 3,609,086 |
| Public Safety | 9,225,293 | 6,757,173 | - | - | 9,225,293 | 6,757,173 |
| Transportation | 3,343,503 | 3,275,050 | - | - | 3,343,503 | 3,275,050 |
| Sanitation | - | - | 4,222,006 | 3,792,010 | 4,222,006 | 3,792,010 |
| Culture & Recreation | 2,614,273 | 2,171,221 | - | - | 2,614,273 | 2,171,221 |
| Interest on Long-Term Debt | 437,164 | 377,487 | - | - | 437,164 | 377,487 |
| Water & Sewer | - | - | 10,424,092 | 9,393,684 | 10,424,092 | 9,393,684 |
| Total Expenses | 18,893,867 | 16,190,017 | 14,646,098 | 13,185,694 | 33,539,965 | 29,375,711 |
| Increase/(Decrease) in Net Position Before Transfers | 6,203,450 | 4,491,967 | 3,536,507 | 3,735,918 | 9,739,957 | 8,227,885 |
| Transfers | (727,483) | 2,190,718 | 727,483 | (2,190,718) | - | - |
| Increase/(Decrease) in Net Position | 5,475,967 | 6,682,685 | 4,263,990 | 1,545,200 | 9,739,957 | 8,227,885 |
| Net Position - Beginning | 49,629,793 | 42,947,108 | 30,896,426 | 29,351,226 | 80,526,219 | 72,298,334 |
| Net Position - Ending | \$ 55,105,760 | \$ 49,629,793 | \$ 35,160,416 | \$ 30,896,426 | \$ 90,266,176 | \$ 80,526,219 |

Business-Type Activities

Business-Type Activities (after transfers) increased the City’s net position by \$4,263,990. This can be attributed to increases in charges for services due to increase utility consumption and a transfer in of ARPA funding for the construction project.

**Program Revenue
Business Type Activities**



City of Sulphur Springs, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2024

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$12,471,348, a slight increase of \$95,690 from the prior year. Of the current combined ending fund balance, a total of \$2,125,924 is restricted for capital projects, \$21,187 is restricted for debt service, \$80,300 is restricted for special revenue, \$612,188 is classified as nonspendable, \$1,784,624 is assigned, and the remaining \$7,847,125 is unassigned in the General Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund increased \$701,669 from the prior year. The increase in fund balance can be attributed to increases in property tax revenue, sales tax revenue, and interest revenue. The increase in property tax revenue was mainly due to the increase in property appraisals. The increase in interest revenue was due to the City allocating more funds in interest bearing accounts and an increase in interest rates. The increase in sales tax revenue is due to an increase in population of approximately 1% and an increase in costs of goods. Total unassigned fund balance represents 57% of total general fund expenditures.

The Capital Project Funds have a total fund balance of \$2,001,775, of which all is restricted for construction. The decrease in fund balance of \$50,022 is due to the net of grant revenue, debt proceeds, and capital outlay during the year.

The American Rescue Plan Fund has a fund balance of \$32,322, which decreased by \$158,561. The decrease is due to amount being spent in the current year.

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

Unrestricted net position of the Enterprise Fund at the end of the year amounted to \$16,259,309. The total increase in net position of the Enterprise Fund was \$4,263,990. The factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were \$8,276 less than budgetary estimates and expenditures were \$704,783 less than budgetary estimates. The budget had called for a \$1,028,144 decrease in fund balance (prior to transfers), while actual results display an increase in fund balance of \$504,857 (prior to transfers).

Capital Asset & Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2024 amounts to \$104,202,622 (net of accumulated depreciation). This investment in capital assets includes land and right-of-way, lakes and dams, buildings, systems, improvements, equipment, right-to-use leased assets, and Subscription-Based Information Technology Agreements (SBITA) assets.

City of Sulphur Springs, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2024

Major capital asset events during the current fiscal year included the following:

Governmental activities

- Construction Projects - Street improvements, Senior Center, Airport Improvement, and Pacific Park
- Capitalization of right-to-use leased assets and SBITA assets.

Business-Type activities

- Construction Projects - College Street, Ramsey Street, Water Treatment Plant

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 41 – 43 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had bonded debt outstanding of approximately \$40,670,000. Of this amount, \$4,715,000 comprises General Obligation Bonds, and the remaining amount represents Combination Tax and Revenue Bonds.

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 46 – 49 of this report.

Economic Factors and Next Year's Budget & Rates

- Sales tax revenue will normally increase by at least the amount of inflation. In 2009, 2010 and in 2011 Sulphur Springs saw a contraction though modest of total sales tax revenue. The last half of FY 2012 and all of FY 2013 (increase of 10.7%) finally brought on a recovery. FY 2014 - FY 2016 continued to grow but more modestly at 3.4%, 4.3% and 5.1% respectively. Sales Tax Revenue regressed to no change in FY 2017. Sales tax increased 10.17% in 2018, 7.17% in 2019, 4.62% in 2020, 8.74% in 2021, 11.73% in 2022, 5.69% in 2023 and 2.55% in 2024.
- Typically, the City of Sulphur Springs only budgets for the next year what it receives in Sales Tax Revenue for the preceding year, saving any good news for the next year as well as to better protect against contraction. That will continue to be true going into FY 2025.
- The FY 2025 budget uses \$2,224,661 of general fund balance which is being used for transfers to the Capital Fund, and equipment and vehicle purchases, including a new fire engine rolled forward from the previous year along with the purchase of another fire engine expected to be paid for in or around FY 2028. The property tax rate decreased to \$0.43573 per \$100. The volumetric rates for Water and Sewer increased by around 3.5%. Hand-collect residential and commercial sanitation increased in February 2025 by 2.58%. Employees were given a 3.0% COLA. In addition to the COLA, significant changes in the step plan for the fire department were made to remain competitive in the market.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 125 S. Davis, City of Sulphur Springs, Texas 75482.

BASIC FINANCIAL STATEMENTS

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CITY OF SULPHUR SPRINGS
Statement of Net Position
September 30, 2024

| | Primary Government | | | Component Unit |
|-------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Economic Development Corporation |
| ASSETS | | | | |
| Cash & Cash Equivalents | \$ 11,160,292 | \$ 14,761,479 | \$ 25,921,771 | \$ 7,404,400 |
| Investments | 914,251 | 1,372,016 | 2,286,267 | - |
| Restricted Cash & Cash Equivalents | - | 2,035,168 | 2,035,168 | - |
| Receivables (Net of Allowance for Uncollectibles): | | | | |
| Utility Bills | - | 1,197,382 | 1,197,382 | - |
| Delinquent Property Taxes | 195,862 | - | 195,862 | - |
| Sales Tax | 1,014,868 | 12,664 | 1,027,532 | 503,520 |
| Other Taxes | 279,939 | - | 279,939 | - |
| Other | 1,018,240 | - | 1,018,240 | 51,149 |
| Notes Receivable | - | - | - | 2,179,658 |
| Leases Receivable | - | - | - | 2,286,415 |
| Inventory | 80,381 | 177,630 | 258,011 | - |
| Prepaid Items | 531,807 | - | 531,807 | 32,251 |
| Capital Assets Not Being Depreciated/Amortized | | | | |
| Land & Right of Way | 10,073,224 | 1,452,758 | 11,525,982 | 1,092,594 |
| Lakes | - | 401,408 | 401,408 | - |
| Dams/Spillways/Appurtenances | - | 2,629,410 | 2,629,410 | - |
| Construction in Progress | 2,219,389 | 1,220,322 | 3,439,711 | 2,047,977 |
| Capital Assets (Net of Accumulated Depreciation/Amortization): | | | | |
| Right-to-use Lease Equipment | 598,616 | 395,264 | 993,880 | - |
| Subscription-Based Information Technology Agreements Assets | 46,336 | 146,729 | 193,065 | - |
| Building, Systems & Improvements | 21,319,178 | 39,726,933 | 61,046,111 | 10,366,470 |
| Furniture & Equipment | 1,140,287 | 953,505 | 2,093,792 | - |
| Infrastructure | 21,879,266 | - | 21,879,266 | - |
| Total Assets | <u>72,471,936</u> | <u>66,482,668</u> | <u>138,954,604</u> | <u>25,964,434</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Deferred Outflows - TMRS Pension | 1,355,966 | 448,140 | 1,804,106 | - |
| Deferred Outflows - TMRS OPEB | 24,550 | 8,114 | 32,664 | - |
| Total Deferred Outflow of Resources | <u>1,380,516</u> | <u>456,254</u> | <u>1,836,770</u> | <u>-</u> |
| Total Assets & Deferred Outflows | <u>\$ 73,852,452</u> | <u>\$ 66,938,922</u> | <u>\$ 140,791,374</u> | <u>\$ 25,964,434</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 1,143,142 | \$ 510,798 | \$ 1,653,940 | \$ 182,962 |
| Unearned revenue | 82,430 | - | 82,430 | 53,273 |
| Accrued Interest Payable | 48,628 | 104,177 | 152,805 | - |
| Deposits | - | 680,380 | 680,380 | 122,289 |
| Noncurrent Liabilities: | | | | |
| Due Within One Year | 1,769,688 | 1,480,645 | 3,250,333 | 233,904 |
| Due in More than One Year | 12,342,242 | 27,891,856 | 40,234,098 | 800,997 |
| Net Pension Liability Due in More Than One Year | 2,709,433 | 895,454 | 3,604,887 | - |
| Net OPEB Liability Due in More Than One Year | 422,811 | 139,737 | 562,548 | - |
| Total Liabilities | <u>18,518,374</u> | <u>31,703,047</u> | <u>50,221,421</u> | <u>1,393,425</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows - TMRS Pension | 133,607 | 44,157 | 177,764 | - |
| Deferred Inflows - TMRS OPEB | 94,711 | 31,302 | 126,013 | - |
| Deferred Inflows - Leases Related | - | - | - | 2,286,415 |
| Total Deferred Inflows of Resources | <u>228,318</u> | <u>75,459</u> | <u>303,777</u> | <u>2,286,415</u> |
| Total Liabilities & Deferred Inflows | <u>18,746,692</u> | <u>31,778,506</u> | <u>50,525,198</u> | <u>3,679,840</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 42,820,508 | 17,696,107 | 60,516,615 | 12,472,140 |
| Restricted for: | | | | |
| Debt Service | 21,187 | 1,205,000 | 1,226,187 | - |
| Capital Projects | 2,125,924 | - | 2,125,924 | - |
| Unrestricted | 10,138,141 | 16,259,309 | 26,397,450 | 9,812,454 |
| Total Net Position | <u>\$ 55,105,760</u> | <u>\$ 35,160,416</u> | <u>\$ 90,266,176</u> | <u>\$ 22,284,594</u> |

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

CITY OF SULPHUR SPRINGS
Statement of Activities
For the Year Ended September 30, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 3,273,634 | \$ 287,943 | \$ 3,428,337 | \$ - |
| Public Safety | 9,225,293 | 2,790,217 | 157,013 | - |
| Transportation | 3,343,503 | 1,750,426 | - | 1,893,464 |
| Culture & Recreation | 2,614,273 | 37,791 | 30,015 | - |
| Interest & Fiscal Charges | 437,164 | - | - | - |
| Total Governmental Activities | <u>18,893,867</u> | <u>4,866,377</u> | <u>3,615,365</u> | <u>1,893,464</u> |
| Business-Type Activities: | | | | |
| Water & Sewer | 10,424,092 | 12,603,216 | - | - |
| Sanitation | 4,222,006 | 4,821,177 | - | - |
| Total Business-Type Activities | <u>14,646,098</u> | <u>17,424,393</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 33,539,965</u> | <u>\$ 22,290,770</u> | <u>\$ 3,615,365</u> | <u>\$ 1,893,464</u> |
| Component Unit: | | | | |
| Economic Development Corporation | \$ 2,298,734 | \$ 490,651 | \$ - | \$ - |
| Total Component Unit | <u>\$ 2,298,734</u> | <u>\$ 490,651</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Alcoholic Beverage Taxes
Unrestricted Investment Earnings
Rent Income
Gain on Sale of Assets
Miscellaneous Revenue
Transfers
Total General Revenues & Transfers

Change in Net Position

Net Position - Beginning - Restated

Net Position - Ending

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

Net (Expense) Revenue and
Changes in Net Position

| Primary Government | | Component Unit | |
|----------------------------|-----------------------------|----------------------|----------------------------------------|
| Governmental Activities | Business-Type Activities | Total | Economic Development Corporation |
| \$ 442,646 | | \$ 442,646 | |
| (6,278,063) | | (6,278,063) | |
| 300,387 | | 300,387 | |
| (2,546,467) | | (2,546,467) | |
| (437,164) | | (437,164) | |
| <u>(8,518,661)</u> | | <u>(8,518,661)</u> | |
| | \$ 2,179,124 | 2,179,124 | |
| | 599,171 | 599,171 | |
| | <u>2,778,295</u> | <u>2,778,295</u> | |
| <u>(8,518,661)</u> | <u>2,778,295</u> | <u>(5,740,366)</u> | |
| | | | <u>\$ (1,808,083)</u> |
| | | | <u>(1,808,083)</u> |
| 6,021,070 | - | 6,021,070 | - |
| 6,294,415 | - | 6,294,415 | 3,016,983 |
| 1,188,306 | - | 1,188,306 | - |
| 57,617 | - | 57,617 | - |
| 780,162 | 582,421 | 1,362,583 | 316,447 |
| - | - | - | 552,395 |
| - | - | - | 1,945,269 |
| 380,541 | 175,791 | 556,332 | 15,087 |
| (727,483) | 727,483 | - | - |
| <u>13,994,628</u> | <u>1,485,695</u> | <u>15,480,323</u> | <u>5,846,181</u> |
| 5,475,967 | 4,263,990 | 9,739,957 | 4,038,098 |
| <u>49,629,793</u> | <u>30,896,426</u> | <u>80,526,219</u> | <u>18,246,496</u> |
| <u>\$ 55,105,760</u> | <u>\$ 35,160,416</u> | <u>\$ 90,266,176</u> | <u>\$ 22,284,594</u> |

CITY OF SULPHUR SPRINGS

Balance Sheet
Governmental Funds
September 30, 2024

| | General Fund |
|----------------------------------------------------------|-----------------------------|
| | <u> </u> |
| ASSETS | |
| Cash & Cash Equivalents | \$ 6,356,127 |
| Investments | 519,822 |
| Receivables (Net of Allowance for Uncollectibles): | |
| Delinquent Property Taxes | 195,862 |
| Sales Tax | 1,014,868 |
| Other Taxes | 279,939 |
| Other | 86,578 |
| Inventory | - |
| Prepaid Items | - |
| Total Assets | <u>\$ 8,453,196</u> |
| LIABILITIES | |
| Liabilities: | |
| Accounts Payable and Accrued Liabilities | \$ 310,469 |
| Unearned Revenue | - |
| Total Liabilities | <u>310,469</u> |
| DEFERRED INFLOW OF RESOURCES | |
| Unavailable Revenue Property Taxes | 207,908 |
| Unavailable Revenue Municipal Court | 87,694 |
| Total Deferred Inflow of Resources | <u>295,602</u> |
| FUND BALANCES: | |
| Nonspendable: | |
| Inventory | - |
| Prepaid Items | - |
| Restricted: | |
| Debt Service | - |
| Capital Projects | - |
| Special Revenue | - |
| Assigned: | |
| Tourism | - |
| Police Contingency | - |
| Revolving Loan Fund | - |
| Airport Contingency | - |
| Unassigned | 7,847,125 |
| Total Fund Balances | <u>7,847,125</u> |
| Total Liabilities, Deferred Inflows, & Fund Balances | <u>\$ 8,453,196</u> |

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

| Capital Projects Fund | American Rescue Plan Act (ARPA) | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|------------------------------------------|-----------------------------------|--------------------------------|
| \$ 1,860,982 | \$ 104,542 | \$ 1,675,230 | \$ 9,996,881 |
| 152,196 | 10,210 | 136,876 | 819,104 |
| - | - | - | 195,862 |
| - | - | - | 1,014,868 |
| - | - | - | 279,939 |
| 728,077 | - | 203,585 | 1,018,240 |
| - | - | 80,381 | 80,381 |
| - | - | 531,807 | 531,807 |
| <u>\$ 2,741,255</u> | <u>\$ 114,752</u> | <u>\$ 2,627,879</u> | <u>\$ 13,937,082</u> |
| | | | |
| \$ 739,480 | \$ - | \$ 11,269 | \$ 1,061,218 |
| - | 82,430 | - | 82,430 |
| <u>739,480</u> | <u>82,430</u> | <u>11,269</u> | <u>1,143,648</u> |
| | | | |
| - | - | 24,896 | 232,804 |
| - | - | - | 87,694 |
| <u>-</u> | <u>-</u> | <u>24,896</u> | <u>320,498</u> |
| | | | |
| - | - | 80,381 | 80,381 |
| - | - | 531,807 | 531,807 |
| - | - | 21,187 | 21,187 |
| 2,001,775 | - | 124,149 | 2,125,924 |
| - | 32,322 | 47,978 | 80,300 |
| - | - | 614,919 | 614,919 |
| - | - | 782,459 | 782,459 |
| - | - | 135,483 | 135,483 |
| - | - | 253,351 | 253,351 |
| - | - | - | 7,847,125 |
| <u>2,001,775</u> | <u>32,322</u> | <u>2,591,714</u> | <u>12,472,936</u> |
| | | | |
| <u>\$ 2,741,255</u> | <u>\$ 114,752</u> | <u>\$ 2,627,879</u> | <u>\$ 13,937,082</u> |

CITY OF SULPHUR SPRINGS

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds \$ 12,472,936

The government uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consideration is to increase net position. 1,176,634

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$78,590,093 and the accumulated depreciation was \$(28,135,880). In addition, long-term liabilities, including bonds payable of \$(11,672,291), are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. 38,781,922

Current year capital outlays of \$9,779,877 and long-term debt principal payments of \$1,483,719 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position. 11,263,596

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to decrease net position. (48,628)

The current year depreciation and amortization expense increases accumulated depreciation and amortization. The net effect of the current year's depreciation and amortization is to decrease net position. (2,944,786)

Included in the noncurrent liabilities is the recognition of the City's net pension asset (liability) required by GASB 68 in the amount of \$(2,709,433), a deferred resource inflow in the amount of \$(133,607), and a deferred resource outflow in the amount of \$1,355,966. The net effect of the GASB 68 adjustment is to decrease net position. (1,487,074)

Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of \$(422,811), and a deferred resource inflow in the amount of \$(94,711), and a deferred outflows of resources in the amount of \$24,550. The net effect of the GASB 75 adjustment is to decrease net position. (492,972)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, recognizing the liabilities associated with compensated absences, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the gain or loss on disposal of capital assets. The net effect of these reclassifications is to decrease net position. (3,615,868)

Net Position of Governmental Activities \$ 55,105,760

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

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CITY OF SULPHUR SPRINGS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2024

| | <u>General Fund</u> |
|--------------------------------------------------------------|-------------------------|
| REVENUES | |
| Taxes: | |
| Property | \$ 4,916,270 |
| Sales | 6,048,654 |
| Franchise | 1,188,306 |
| Alcoholic Beverage | 57,617 |
| Licenses & Permits | 287,943 |
| Intergovernmental | 30,015 |
| Charges for Services | 37,791 |
| Fines & Forfeitures | 954,606 |
| Interest | 417,058 |
| Grants & Contributions | - |
| Miscellaneous | 282,086 |
| Total Revenues | <u>14,220,346</u> |
| EXPENDITURES | |
| Current: | |
| General Government | 3,133,222 |
| Public Safety | 7,188,125 |
| Transportation | 698,167 |
| Culture & Recreation | 1,712,516 |
| Capital Outlay | 696,864 |
| Debt Service: | |
| Principal | 286,595 |
| Interest & Fiscal Charges | - |
| Total Expenditures | <u>13,715,489</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>504,857</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers In | 2,569,135 |
| Transfers Out | (2,814,424) |
| Other Financing Sources - Debt Proceeds | 442,101 |
| Other Financing Source - Bond Premium | - |
| Other Financing Uses - Cost of Issuance | - |
| Total Other Financing Sources (Uses) | <u>196,812</u> |
| Net Change in Fund Balances | 701,669 |
| Fund Balances - Beginning | <u>7,145,456</u> |
| Fund Balances - Ending | <u>\$ 7,847,125</u> |

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

| Capital Projects Fund | American Rescue Plan Act (ARPA) | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|------------------------------------------|-----------------------------------|--------------------------------|
| \$ - | \$ - | \$ 1,174,494 | \$ 6,090,764 |
| - | - | 245,761 | 6,294,415 |
| - | - | - | 1,188,306 |
| - | - | - | 57,617 |
| - | - | - | 287,943 |
| - | - | - | 30,015 |
| - | - | 1,750,426 | 1,788,217 |
| - | - | 60,341 | 1,014,947 |
| 47,317 | 143,274 | 158,207 | 765,856 |
| 1,168,608 | 3,327,537 | 982,669 | 5,478,814 |
| - | - | 56,025 | 338,111 |
| <u>1,215,925</u> | <u>3,470,811</u> | <u>4,427,923</u> | <u>23,335,005</u> |
| - | - | - | 3,133,222 |
| - | - | 107,067 | 7,295,192 |
| - | - | 761,812 | 1,459,979 |
| 126,896 | - | 276,080 | 2,115,492 |
| 6,600,973 | - | 2,482,040 | 9,779,877 |
| - | - | 1,197,124 | 1,483,719 |
| - | - | 341,864 | 341,864 |
| <u>6,727,869</u> | <u>-</u> | <u>5,165,987</u> | <u>25,609,345</u> |
| <u>(5,511,944)</u> | <u>3,470,811</u> | <u>(738,064)</u> | <u>(2,274,340)</u> |
| 2,658,978 | - | 524,048 | 5,752,161 |
| (197,056) | (3,629,372) | (181,792) | (6,822,644) |
| 2,865,000 | - | - | 3,307,101 |
| 221,558 | - | - | 221,558 |
| (86,558) | - | - | (86,558) |
| <u>5,461,922</u> | <u>(3,629,372)</u> | <u>342,256</u> | <u>2,371,618</u> |
| (50,022) | (158,561) | (395,808) | 97,278 |
| <u>2,051,797</u> | <u>190,883</u> | <u>2,987,522</u> | <u>12,375,658</u> |
| <u>\$ 2,001,775</u> | <u>\$ 32,322</u> | <u>\$ 2,591,714</u> | <u>\$ 12,472,936</u> |

CITY OF SULPHUR SPRINGS
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended September 30, 2024

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 97,278 |
| The government uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The net loss of the internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position. | 475,132 |
| Current year capital outlays of \$9,779,877 and long-term debt principal payments of \$1,483,719 are expenditures and sources in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position. | 11,263,596 |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to increase net position. | (9,665) |
| Depreciation and amortization are not recognized as an expense in governmental funds since it does not require the use of current resources. The net effect of the current year's depreciation and amortization is to decrease net position. | (2,944,786) |
| GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position. The City's reported TMRS net pension expense had to be recorded. The net effect of the GASB 68 adjustment is to increase net position by \$175,309. | 175,309 |
| GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position. The City's reported TMRS net OPEB expense had to be recorded. The net effect of the GASB 75 adjustment is to increase net position by 1,942. | 1,942 |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue, recognizing the liabilities associated with compensated absences and changes in unfunded pension obligation. The net effect of these reclassifications is to decrease net position. | (3,582,840) |
| Change in Net Position of Governmental Activities | <u>\$ 5,475,966</u> |

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

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CITY OF SULPHUR SPRINGS

Statement of Net Position

Proprietary Funds

September 30, 2024

| | <u>Business-Type Activities</u> | <u>Governmental</u> |
|--------------------------------------------------------|---------------------------------|---------------------|
| | Enterprise | Internal |
| | Fund | Service |
| | <u>Fund</u> | <u>Fund</u> |
| ASSETS | | |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ 14,761,479 | \$ 1,163,411 |
| Investments | 1,372,016 | 95,147 |
| Restricted Cash & Cash Equivalents | 2,035,168 | - |
| Receivables (Net of Allowance of Uncollectibles) | | |
| Utility Bills | 1,197,382 | - |
| Sales Taxes | 12,664 | - |
| Inventory | 177,630 | - |
| Prepaid Items | - | - |
| Total Current Assets | <u>19,556,339</u> | <u>1,258,558</u> |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Land & Right-of-Way | 1,452,758 | - |
| Lakes | 401,408 | - |
| Dams/Spillways/Appurtenances | 2,629,410 | - |
| Buildings & Systems | 73,715,500 | - |
| SBITA Assets | 197,942 | - |
| Right-to-use Equipment | 569,212 | - |
| Equipment | 2,733,129 | - |
| Construction in Progress | 1,220,322 | - |
| Less: Accumulated Depreciation | <u>(35,993,352)</u> | <u>-</u> |
| Total Capital Assets (Net of Accumulated Depreciation) | 46,926,329 | - |
| Net Pension Assets | - | - |
| Total Noncurrent Assets | <u>46,926,329</u> | <u>-</u> |
| Total Assets | <u>66,482,668</u> | <u>1,258,558</u> |
| Deferred Outflow of Resources: | | |
| Deferred Outflows - TMRS Pension | 448,140 | - |
| Deferred Outflows - TMRS OPEB | 8,114 | - |
| Total Deferred Outflow of Resources | <u>456,254</u> | <u>-</u> |
| Total Assets & Deferred Outflows | <u>\$ 66,938,922</u> | <u>\$ 1,258,558</u> |

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

CITY OF SULPHUR SPRINGS

Statement of Net Position

Proprietary Funds

September 30, 2024

continued

| | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|-------------------------------------------------------------------|---------------------------------|------------------------------------|
| | Enterprise Fund | Internal Service Fund |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Expenses | \$ 510,798 | \$ 81,924 |
| Accrued Interest | 104,177 | - |
| Deposits | 680,380 | - |
| Compensated Absences Payable | 142,279 | - |
| Current Portion of Revenue Certificates of Obligation Payable | 900,611 | - |
| Current Portion of General Obligation Enterprise Bonds Payable | 350,000 | - |
| Current Portion of SBITA Payable | 36,096 | - |
| Current Portion of Operating Leases Payable | 51,659 | - |
| Total Current Liabilities | <u>2,776,000</u> | <u>81,924</u> |
| Noncurrent Liabilities: | | |
| Revenue Certificates of Obligation Payable | 25,556,500 | - |
| General Obligation Bonds Enterprise Payable | 1,935,000 | - |
| SBITA Payable | 76,254 | - |
| Operating Leases Payable | 324,102 | - |
| Net Pension Liability | 895,454 | - |
| Net OPEB Liability | 139,737 | - |
| Total Noncurrent Liabilities | <u>28,927,047</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows - TMRS Pension | 44,157 | - |
| Deferred Inflows - TMRS OPEB | 31,302 | - |
| Total Deferred Inflows of Resources | <u>75,459</u> | <u>-</u> |
| Total Liabilities & Deferred Inflows | <u>31,778,506</u> | <u>81,924</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 17,696,107 | - |
| Restricted for: | | |
| Revenue Bond Current Debt Service | 1,205,000 | - |
| Unrestricted | 16,259,309 | 1,176,634 |
| Total Net Position | <u>\$ 35,160,416</u> | <u>\$ 1,176,634</u> |

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

CITY OF SULPHUR SPRINGS

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2024

| | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|-----------------------------------------|---------------------------------|--------------------------------|
| | Enterprise Fund | Internal Service Fund |
| OPERATING REVENUES | | |
| Charges for Sales & Services | \$ - | \$ 1,772,046 |
| Water Sales | 7,228,671 | - |
| Sewer Charges | 4,836,414 | - |
| Sanitation Charges | 4,821,177 | - |
| Service Charges | 216,561 | - |
| Water & Sewer Connections | 321,570 | - |
| Miscellaneous Revenues | 175,791 | 2,268 |
| Total Operating Revenues | <u>17,600,184</u> | <u>1,774,314</u> |
| OPERATING EXPENSES | | |
| Cost of Sales & Services | - | 1,265,832 |
| Administration | 999,761 | 430,817 |
| Personnel Services | 3,177,878 | - |
| Supplies | 1,806,369 | - |
| Contractual Services | 5,114,201 | - |
| Repairs and Maintenance | 293,839 | - |
| Depreciation and Amortization | 2,216,378 | - |
| Other Operating Expenses | 409,738 | - |
| Total Operating Expenses | <u>14,018,164</u> | <u>1,696,649</u> |
| Operating Income (Loss) | <u>3,582,020</u> | <u>77,665</u> |
| NONOPERATING REVENUES/(EXPENSES) | | |
| Interest Revenue | 582,421 | 14,306 |
| Interest Expense & Fiscal Charges | (362,847) | - |
| Debt Issuance Cost | (265,087) | - |
| Insurance Proceeds | - | 94,231 |
| Insurance Claim Expenses | - | (54,070) |
| Total Nonoperating Revenues (Expenses) | <u>(45,513)</u> | <u>54,467</u> |
| Net Income/(Loss) Before Transfers | 3,536,507 | 132,132 |
| Transfers In | 3,214,372 | 343,000 |
| Transfers Out | <u>(2,486,889)</u> | <u>-</u> |
| Change in Net Position | 4,263,990 | 475,132 |
| Net Position - Beginning, | <u>30,896,426</u> | <u>701,502</u> |
| Net Position - Ending | <u>\$ 35,160,416</u> | <u>\$ 1,176,634</u> |

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

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CITY OF SULPHUR SPRINGS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

| | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|---------------------------------------------------------------------------|---------------------------------|------------------------------------|
| | Enterprise Fund | Internal Service Fund |
| Cash Flows from Operating Activities: | | |
| Cash Received from Customers & Users | \$ 17,027,933 | \$ 1,774,314 |
| Cash Payments to Suppliers for Goods & Services | (8,676,420) | (1,653,946) |
| Cash Payments to Employees for Services | (3,246,903) | - |
| Net Cash Provided by/(Used in) Operating Activities | <u>5,104,610</u> | <u>120,368</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Transfers to Other Funds | (2,486,889) | - |
| Transfers from Other Funds | 3,214,372 | 343,000 |
| Insurance Proceeds, Net | - | 40,161 |
| Net Cash Provided by/(Used in) Noncapital Financing Activities | <u>727,483</u> | <u>383,161</u> |
| Cash Flows from Capital & Related Financing Activities: | | |
| Acquisition & Construction of Capital Assets | (5,314,516) | - |
| Principal Paid on Bonds | (1,151,875) | - |
| Proceeds from Sale of Bonds | 9,000,000 | - |
| Interest Paid on Debt | (365,927) | - |
| Net Cash Provided by/(Used in) Capital & Related Financing Activities | <u>2,167,682</u> | <u>-</u> |
| Cash Flows from Investing Activities: | | |
| Purchases of Investments | (1,367,284) | (95,147) |
| Interest on Deposits & Investments | 582,421 | 14,306 |
| Net Cash Provided by/(Used in) Investing Activities | <u>(784,863)</u> | <u>(80,841)</u> |
| Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash | 7,214,912 | 422,688 |
| Cash, Cash Equivalents, & Restricted Cash - Beginning | <u>9,594,397</u> | <u>740,723</u> |
| Cash, Cash Equivalents, & Restricted Cash - Ending | <u>\$ 16,809,309</u> | <u>\$ 1,163,411</u> |

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

CITY OF SULPHUR SPRINGS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024
continued

| | Business-Type Activities | Governmental Activities |
|-----------------------------------------------------------------------------------------------------|--------------------------|-----------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | Enterprise Fund | Internal Service Fund |
| Operating Income/(Loss) | \$ 3,582,020 | \$ 77,665 |

Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used in) Operating Activities

| | | |
|-----------------------------------------------------|--------------|------------|
| Depreciation and Amortization Expense | 2,216,378 | - |
| (Increase)/Decrease in Right to Use Asset | (266,835) | - |
| (Increase)/Decrease in Accounts Receivable | (640,729) | - |
| (Increase)/Decrease in Inventory | (66,375) | - |
| (Increase)/Decrease in Deferred Outflows | 435,356 | - |
| Increase/(Decrease) in Accounts Payable | 110,982 | 42,703 |
| Increase/(Decrease) in Customer Deposits | 68,478 | - |
| Increase/(Decrease) in Compensated Absences | (1,618) | - |
| Increase/(Decrease) in SBITA Liability | (85,592) | - |
| Increase/(Decrease) in Operating Lease Liability | 255,308 | - |
| Increase/(Decrease) in Net Pension Liability/Asset | (432,884) | - |
| Increase/(Decrease) in Net OPEB Liability | 3,410 | - |
| Increase/(Decrease) in Deferred Inflows | (73,289) | - |
| Total Adjustments | 1,522,590 | 42,703 |
| Net Cash Provided by/(Used in) Operating Activities | \$ 5,104,610 | \$ 120,368 |

CITY OF SULPHUR SPRINGS
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2024

ASSETS

| | |
|-------------------------|----------------|
| Cash & Cash Equivalents | \$ 202,509 |
| Investments | <u>13,992</u> |
| Total Assets | <u>216,501</u> |

LIABILITIES

| | |
|-------------------|---------------|
| Accounts Payable | <u>15,031</u> |
| Total Liabilities | <u>15,031</u> |

NET POSITION

| | |
|--------------------------------------|--------------------------|
| Net Position Restricted for Pensions | <u><u>\$ 201,470</u></u> |
|--------------------------------------|--------------------------|

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

CITY OF SULPHUR SPRINGS
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2024

ADDITIONS

| | |
|-----------------|----------------|
| Contributions | \$ 313,990 |
| Interest Income | <u>6,757</u> |
| Total Additions | <u>320,747</u> |

DEDUCTIONS

| | |
|--------------------|----------------|
| General Government | <u>230,787</u> |
| Total Deductions | <u>230,787</u> |

| | |
|------------------------|--------|
| Change in Net Position | 89,960 |
|------------------------|--------|

| | |
|-------------------------|----------------|
| Net Position, Beginning | <u>111,510</u> |
|-------------------------|----------------|

| | |
|----------------------|--------------------------|
| Net Position, Ending | <u><u>\$ 201,470</u></u> |
|----------------------|--------------------------|

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

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The government is a municipal corporation governed by an elected seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a September 30 year end.

Discretely Presented Component Unit. The Sulphur Springs Hopkins County Economic Development Corporation (the "Corporation") serves all citizens of the government and is governed by a board appointed by the government's elected council. The government can impose its will on the Corporation and affect the day-to-day operations of the Corporation by removing appointed board members at will. The scope of public service of the Corporation benefits the government and its citizens and is operated primarily within the geographic boundaries of the government. The Corporation is presented as a governmental fund type.

Complete financial statements for the individual component unit may be obtained at the entity's administration offices:

Sulphur Springs Hopkins County
Economic Development Corporation
1200 Enterprise Lane
Sulphur Springs, Texas 75482

Government–Wide & Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting & Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- The *American rescue plan act fund* accounts for grant funds received and spent from the American Rescue Plan. It transfers the grant money to reimburse other funds spending money related to the plan. The money is restricted only to that specific purpose.

The government reports the following proprietary funds:

- The *enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The government's enterprise fund is for water and sewer operations.
- The *internal service fund* accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The government's internal service fund is for self-insurance.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting & Financial Statement Presentation *(continued)*

Additionally, the government reports the following pension trust funds:

- The *volunteer firemen pension fund* is used to account for dues and contributions that are received pursuant to a trust agreement that restricts the use of those dues and contributions to providing payments to volunteer firemen. This was a volunteer single-employer defined contribution plan for volunteer fire fighters before the City established a fire department. No contributions are being made into the plan and once assets are depleted the plan will be closed.
- The *deferred compensation plan fund* is used to account for employee contributions and employers match to an employee supplemental retirement plan. This is a volunteer single-employer defined contribution plan established under section 457(b) of the Internal Revenue Code. The 457 plan is a 67% match with the maximum city participation at \$335 per month. Total City contributions were \$223,096.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Upcoming and Newly Implemented Accounting Pronouncements

The GASB has issued the following statements:

GASB issued Statement No. 100, "Accounting Changes and Error Corrections-Amendment of GASB Statement No. 62," which prescribes the accounting and financial reporting for each type of accounting change and error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating the prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The City has evaluated the impact the implementation of this Statement will have on its financial statements, and no impact on the City's Primary Government. The Corporation has implemented this standard in fiscal year 2024 in relation to the correction of an error in beginning balance of the Corporation's capital assets. See Note "Correction of an Error in Previously Issued Financial Statements".

GASB issued Statement No. 101, "Compensated Absences," that clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 102, "Certain Risk Disclosures," that clarifies the definitions & disclosure guidance for risks due to concentration or constraint. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources and a constraint as a limitation imposed by an external party or formal action of the government's highest level of decision-making authority. The Statement requires the government to assess whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact, and whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin within the 12 months after the date the financial statements are issued. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2024. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 103, "Financial Reporting Model Improvements," that attempts to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement expands requirements for the management discussion & analysis, presentation of proprietary fund statement of revenues, expenses & changes in fund net position, and information related to major component units & budgetary comparisons. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," to clarify the disclosure requirements related to capital assets. This Statement requires separate disclosure of capital assets arising from leases, public-private & public-public partnerships & availability payment arrangements, and subscription-based information technology arrangements, and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deposits & Investments

Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments.

Short – Term Inter-Fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term inter-fund loans are classified as "inter-fund receivables/payables." There were no inter-fund balances as of September 30, 2024.

Inventories & Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When the government incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

Capital Assets

Capital assets, which include property, plant, equipment, lease assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 30-40 |
| Building improvements | 20-30 |
| Street infrastructure | 10-30 |
| System infrastructure | 15-25 |
| Equipment | 5-10 |
| Vehicles | 5-7 |

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with noncurrent liabilities, and a right-to-use (RTU) asset, reported with other capital assets, in the government-wide and proprietary fund financial statements.

The City recognizes lease liabilities with an initial individual value of \$5,000 or more for a lease term greater than one year. At the commencement of the lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subscription-Based Information Technology Arrangements (SBITA)

The City has noncancellable contracts with SBITA vendors for the right to use information technology software, alone or in combination with tangible capital assets. The City recognizes a subscription liability, reported with noncurrent liabilities, and a right to use subscription asset, reported with other capital assets, in the government-wide financial statements.

The City recognizes subscription liabilities with subscription term greater than one year and no variable payments. At the commencement of SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made.

Fund Balance

Fund Balance Classification: The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2024.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Manager to which the City Council delegates this authority. This delegation of authority was granted by ordinance.
- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of unassigned funds, then assigned funds, and finally committed funds, as needed.

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. City Council has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 60 days working capital.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Balance *(continued)*

As of September 30, 2024, fund balances are composed of the following:

| | General Fund | Capital Projects Fund | American Rescue Plan Act (ARPA) | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------|--------------------|-----------------------------|------------------------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 80,381 | \$ 80,381 |
| Prepaid Items | - | - | - | 531,807 | 531,807 |
| Restricted: | | | | | |
| Debt Service | - | - | - | 21,187 | 21,187 |
| Capital Projects | - | 2,001,775 | - | 124,149 | 2,125,924 |
| Special Revenue | - | - | 32,322 | 47,978 | 80,300 |
| Assigned: | | | | | |
| Tourism | - | - | - | 614,919 | 614,919 |
| Police Contingency | - | - | - | 782,459 | 782,459 |
| Revolving Loan Fund | - | - | - | 135,483 | 135,483 |
| Airport | - | - | - | 253,351 | 253,351 |
| Unassigned | 7,847,125 | - | - | - | 7,847,125 |
| Total Fund Balances | <u>\$7,847,125</u> | <u>\$2,001,775</u> | <u>\$ 32,322</u> | <u>\$2,591,714</u> | <u>\$12,472,936</u> |

Pensions

For purposes of measuring the net pension liability, 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.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet & the Government-Wide Statement of Net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of these adjustments are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Long-Term Debt: | |
| Proceeds from Long-term Debt | \$ (3,307,101) |
| Bond Premium | (220,635) |
| Compensated Absences Payable | (395,622) |
| Unavailable Revenue: | |
| To Remove the Uncollected Tax Levy from Unavailable Revenue | 232,804 |
| To Remove the Uncollected Municipal Court Revenue from Unavailable Revenue | 87,694 |
| Capital Assets | |
| Disposal of Capital Assets | <u>(13,008)</u> |
| Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities | <u>\$ (3,615,868)</u> |

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances & the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "various other reclassifications are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of these adjustments are as follows:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Long-Term Debt: | |
| Proceeds from Long-term Debt | \$ (3,307,101) |
| Bond Premium | (220,635) |
| Changes in Compensated Absences Payable | 24,374 |
| Taxes: | |
| To Move the Unavailable Revenues to Revenues | 320,498 |
| To Remove the Prior Year Collections from Current Year Revenue | <u>(386,968)</u> |
| | (66,470) |
| Capital Assets: | |
| Disposal of Capital Assets | <u>(13,008)</u> |
| Net Adjustment to Decrease Net Changes in Fund Balance - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities | <u>\$ (3,582,840)</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund with the exception for special revenue fund (airport fund). All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds. Annual budgets are not adopted for other non-major special revenue funds or the debt service fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the City Manager and staff meet with the City Council in a series of workshops to work on the budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On the first Tuesday in September, the City Manager officially presents the budget to the City Council for consideration. A second Council meeting and second reading of the budget ordinance is scheduled before October 1 to finalize the adoption of the new budget.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund and Special Revenue Fund. No supplemental appropriations were made during the fiscal year for the General Fund or Special Revenue Fund.
6. The budget approved for the Water and Sewer Fund follows similar approval procedures but departs from accounting principles generally accepted in the United States of America by not including depreciation in the approved budget. These amounts are reported at year end as part of the "actual" column. No supplemental appropriations were made during the fiscal year.
7. The Debt Service and Capital Project Funds do not have formal budgets since all are controlled by contractual obligations approved at inception or as part of the General Fund on an annual basis. The non-major governmental funds are not budgeted.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbered amounts lapse at year end. At year end, encumbrances are canceled or re-appropriated as part of the following year budget.

Budget/GAAP Reconciliation

The following schedule reconciles the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual to the amounts on the Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Fund:

| | |
|-----------------------|-------------------------------|
| | <u>Water & Sewer Fund</u> |
| Net Position (Budget) | \$ 28,132,190 |
| Depreciation | (2,216,378) |
| Net Position (GAAP) | <u>\$ 25,915,812</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

DEPOSITS & INVESTMENTS

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were insured up to \$250,000 or collateralized as required by State statutes at September 30, 2024. At year-end, the carrying amount of the City's demand deposits was a balance of \$27,955,351– bank balance of \$28,420,208 The bank balance and certificates of deposits for the primary government were covered by FDIC insurance and collateral held in the City's name by the pledging financial institution's trust department or agent in the government's name.

As of September 30, 2024, the Corporation's carrying amount of deposits was \$7,361,889 and the bank balance of the Corporation's deposits was \$7,807,942. Of the bank balance, \$500,000 was secured by federal depository insurance, and \$5,557,343 was collateral held by the pledging financial institution's trust department or agent in the Corporation's name. The Corporation did not have enough collateral to cover the remaining bank balances of \$1,750,599.

Investments – State statutes, city policies, and city resolutions authorize the City's investments. The Director of Financial Services and the Assistant Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment pools organized and operating in compliance with the Inter-local Cooperation Act.

Investment Pools

During the year, the City invested in one public fund investment pool, including TexPool. The pools governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective to preserve principal, liquidity, and yield of capital investment consistent with the Texas Public Funds Investment Act (TPFIA). Invests conservatively in U.S. government securities, repurchase agreements, AAA-rated money market mutual funds, commercial paper, and certificates of deposit to provide a safe, efficient, and liquid investment option. Pools offer same day access to investment funds. The City can liquidate funds daily without penalty and there is no unfunded commitment.

Federated Investors is the full-service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts

Following the criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, TexPool uses amortized cost. As is legally permissible for municipalities and school districts in the state, TexPool invests in a high-quality portfolio of short-term investments. Investments in the pools are considered to be cash equivalents when preparing the basic financial statements. As of September 30, 2024, the City had \$27,304,727 invested in TexPool, which are included as cash and cash equivalents on the basic financial statements

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

DEPOSITS & INVESTMENTS *(continued)*

In compliance with the Public Funds Investment Act, the government has adopted a deposit and investment policy. That policy addresses the following risks:

Credit Risk is the risk that a security issuer may default on an interest or principal payment. It is the government's policy to limit its investments to those investments rated at least AAAM. The credit quality rating for TexPool at year end was AAAM by Standard & Poor's.

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the government's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The government's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the government. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The government's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the government to be held in a Safekeeping account in the government's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. It is the government's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The government is not exposed to concentration of credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the government's investment in external investment pools is less than 60 days.

Foreign Currency Risk is the potential for loss due to fluctuations in exchange rates. The government's policy does not allow for any direct foreign investments, and therefore the government is not exposed to foreign currency risk.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

DEPOSITS & INVESTMENTS *(continued)*

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. Investments that are measured using the net asset value per share (or its equivalent) practical expedient and amortized cost have not been classified in the fair value hierarchy. Additionally, certificates of deposits are excluded from the fair value hierarchy as their carrying amounts approximate fair value.

The City has recurring fair value measurements as presented in the table below. Investment balances of such investments are as follows:

| | September 30, 2024 | Fair Value Measurements using | | |
|-----------------------------------------------------|-----------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Primary Government | | | | |
| <u>Cash & Cash Equivalents:</u> | | | | |
| Bank Deposits | \$ 652,212 | \$ - | \$ - | \$ - |
| Texpool | 27,304,727 | - | - | - |
| Total Cash & Cash Equivalents | <u>27,956,939</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Investments measured at Amortized Costs:</u> | | | | |
| Certificates of Deposit | 2,286,267 | - | - | - |
| Total Investments | <u>2,286,267</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Cash & Investments | <u>\$30,243,206</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RECEIVABLES

Receivables at September 30, 2024 consist of the following:

| | General | Capital Projects | Nonmajor Governmental Funds | Enterprise | Total |
|---------------------------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|
| Receivables: | | | | | |
| Utility Bills | \$ - | \$ - | \$ - | \$ 1,893,368 | \$ 1,893,368 |
| Delinquent Taxes | 207,908 | - | - | - | 207,908 |
| Sales Taxes | 1,014,891 | - | - | 12,664 | 1,027,555 |
| Alcoholic Beverage Taxes | 7,894 | - | - | - | 7,894 |
| Franchise Taxes | 272,022 | - | - | - | 272,022 |
| Municipal Court | 2,261,982 | - | - | - | 2,261,982 |
| Grant | - | 728,077 | - | - | 728,077 |
| Other | - | - | 203,585 | - | 203,585 |
| Gross Receivables | <u>3,764,697</u> | <u>728,077</u> | <u>203,585</u> | <u>1,906,032</u> | <u>6,602,391</u> |
| Less: Allowance for Uncollectibles | <u>(2,187,450)</u> | <u>-</u> | <u>-</u> | <u>(695,986)</u> | <u>(2,883,436)</u> |
| Net Total Receivables | <u>\$ 1,577,247</u> | <u>\$ 728,077</u> | <u>\$ 203,585</u> | <u>\$ 1,210,046</u> | <u>\$ 3,718,955</u> |

Taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 up to the date collected by the government at the rate of 1% per month. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes applicable to personal property may be deemed uncollectible by the government. The government's current policy is to write-off uncollectible personal property taxes after four years.

As of September 30, 2024, the Corporation had sales taxes receivable of \$503,520. No allowance for uncollectibles has been made.

Notes Receivable – Economic Development Corporation

On December 7, 2016, the Corporation sold certain real property (a lot at the municipal airport) for \$280,000 and financed the purchase. The loan is collateralized by the real property. The note is to be repaid in interest free annual payments beginning December 30, 2016 and continuing until December 30, 2027.

On November 1, 2017, the Corporation sold certain real property to Plant Process Fabricators for \$3,000,000 and financed the purchase. The loan is collateralized by the real property. The note is to be repaid in monthly payments of \$25,000, including 4.0% interest, beginning December 1, 2017. The note was refinanced on June 1, 2021, with the same payment term and interest rate, and continuing until March 1, 2032.

The Corporation has made loans to small and emerging enterprises in the local areas. The loans are being repaid in monthly installments, including interest compute at 2 percent, and are secured by specific equipment.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RECEIVABLES *(continued)*

The following summarizes changes in the Corporation's notes receivable for the fiscal year.

| | Beginning Balance | Additions | Retirements | Ending Balance |
|------------------|----------------------|-----------|--------------|-------------------|
| Notes Receivable | \$ 2,326,685 | \$ - | \$ (147,027) | \$ 2,179,658 |

CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

| | Primary Government | | | Ending Balance |
|----------------------------------------------------------|----------------------|---------------|----------------|-------------------|
| | Beginning Balance | Additions | Retirements | |
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated/Amortized: | | | | |
| Land | \$ 9,962,696 | \$ 110,528 | \$ - | \$ 10,073,224 |
| Construction in Progress | 5,774,727 | 6,281,100 | (9,836,438) | 2,219,389 |
| Total Capital Assets Not Being Depreciated/Amortized | 15,737,423 | 6,391,628 | (9,836,438) | 12,292,613 |
| Capital Assets Being Depreciated/Amortized: | | | | |
| Right-to-use Lease Equipment | 827,762 | 416,085 | (116,419) | 1,127,428 |
| SBITA Assets | - | 62,508 | - | 62,508 |
| Buildings & Improvements | 25,251,500 | 7,564,817 | (12,755) | 32,803,562 |
| Furniture & Equipment | 5,260,227 | 324,273 | (674,621) | 4,909,879 |
| Infrastructure | 31,513,181 | 4,857,004 | - | 36,370,185 |
| Total Capital Assets Being Depreciated/Amortized | 62,852,670 | 13,224,687 | (803,795) | 75,273,562 |
| Less: Accumulated Depreciation/Amortization for: | | | | |
| Right-to-use Lease Equipment | (367,948) | (264,275) | 103,411 | (528,812) |
| SBITA Assets | - | (16,172) | - | (16,172) |
| Buildings & Improvements | (10,449,076) | (1,048,063) | 12,755 | (11,484,384) |
| Furniture & Equipment | (4,203,868) | (240,345) | 674,621 | (3,769,592) |
| Infrastructure | (13,114,988) | (1,375,931) | - | (14,490,919) |
| Total Accumulated Depreciation and Amortization | (28,135,880) | (2,944,786) | 790,787 | (30,289,879) |
| Total Capital Assets Being Depreciated/Amortized, Net | 34,716,790 | 10,279,901 | (13,008) | 44,983,683 |
| Governmental Activities Capital Assets, net | \$ 50,454,213 | \$ 16,671,529 | \$ (9,849,446) | \$ 57,276,296 |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

CAPITAL ASSETS *(continued)*

| | Primary Government | | | Ending Balance |
|---------------------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | Beginning Balance | Additions | Retirements | |
| Business-Type Activities: | | | | |
| Capital Assets Not Being Depreciated/Amortized: | | | | |
| Land | \$ 1,452,760 | \$ - | \$ (2) | \$ 1,452,758 |
| Lakes | 401,408 | - | - | 401,408 |
| Dam/Spillway | 2,629,410 | - | - | 2,629,410 |
| Construction in Progress | 3,141,483 | 5,208,496 | (7,129,657) | 1,220,322 |
| Total Capital Assets Not Being Depreciated/Amortized | <u>7,625,061</u> | <u>5,208,496</u> | <u>(7,129,659)</u> | <u>5,703,898</u> |
| Capital Assets Being Depreciated/Amortized: | | | | |
| Right-to-use Lease Equipment | 213,998 | 355,214 | - | 569,212 |
| SBITA Assets | - | 197,942 | - | 197,942 |
| Buildings & Plant | 66,585,844 | 7,129,656 | - | 73,715,500 |
| Equipment | 2,790,016 | 106,021 | (162,908) | 2,733,129 |
| Total Capital Assets Being Depreciated/Amortized | <u>69,589,858</u> | <u>7,788,833</u> | <u>(162,908)</u> | <u>77,215,783</u> |
| Less: Accumulated Depreciation/Amortization for: | | | | |
| Right-to-use Lease Equipment | (85,569) | (88,379) | - | (173,948) |
| SBITA Assets | - | (51,213) | - | (51,213) |
| Buildings & Plant | (31,988,118) | (2,000,449) | - | (33,988,567) |
| Equipment | (1,773,083) | (164,716) | 158,175 | (1,779,624) |
| Total Accumulated Depreciation and Amortization | <u>(33,846,770)</u> | <u>(2,304,757)</u> | <u>158,175</u> | <u>(35,993,352)</u> |
| Total Capital Assets Being Depreciated, Net | <u>35,743,088</u> | <u>5,484,076</u> | <u>(4,733)</u> | <u>41,222,431</u> |
| Business-Type Activities | | | | |
| Capital Assets, net | <u>\$ 43,368,149</u> | <u>\$ 10,692,572</u> | <u>\$ (7,134,392)</u> | <u>\$ 46,926,329</u> |

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

| | |
|---------------------------------------------------------------------------|---------------------|
| Governmental Activities: | |
| General Government | \$ 185,253 |
| Public Safety | 344,419 |
| Transportation | 1,903,525 |
| Culture & Recreation | 511,589 |
| Total Depreciation and Amortization Expense - Governmental Activities | <u>\$ 2,944,786</u> |
| Business-Type Activities: Water & Sewer | <u>\$ 2,304,757</u> |
| Total Depreciation and Amortization Expense - Business-Type Activities | <u>\$ 2,304,757</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

CAPITAL ASSETS *(continued)*

Capital asset activity for the Corporation for the year ended September 30, 2024 was as follows:

| Component Unit: | Beginning Balance, As Restated | Additions | Retirements | Ending Balance |
|---------------------------------------------|-----------------------------------|---------------------|--------------------|----------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 1,135,094 | \$ - | \$ (42,500) | \$ 1,092,594 |
| Construction in Progress | 61,664 | 1,986,313 | - | 2,047,977 |
| Total Capital Assets Not Being Depreciated | <u>1,196,758</u> | <u>1,986,313</u> | <u>(42,500)</u> | <u>3,140,571</u> |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 215,610 | - | - | 215,610 |
| Buildings | 11,774,590 | 101,971 | - | 11,876,561 |
| Office Equipment | 29,285 | - | - | 29,285 |
| Total Capital Assets Being Depreciated | <u>12,019,485</u> | <u>101,971</u> | <u>-</u> | <u>12,121,456</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (43,122) | (10,781) | - | (53,903) |
| Buildings | (1,332,119) | (339,679) | - | (1,671,798) |
| Office Equipment | (29,285) | - | - | (29,285) |
| Total Accumulated Depreciation | <u>(1,404,526)</u> | <u>(350,460)</u> | <u>-</u> | <u>(1,754,986)</u> |
| Total Capital Assets Being Depreciated, Net | <u>10,614,959</u> | <u>(248,489)</u> | <u>-</u> | <u>10,366,470</u> |
| Component Unit | | | | |
| Capital Assets, net | <u>\$ 11,811,717</u> | <u>\$ 1,737,824</u> | <u>\$ (42,500)</u> | <u>\$ 13,507,041</u> |

LEASES

Effective October 1, 2021, the City implemented GASB Statement No. 87, Leases, which required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Lessee

The City recognizes a lease liability and an intangible right-to-use (lease asset) in the government-wide and proprietary funds financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

LEASES *(continued)*

The City monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The lease rate, term and ending lease liability are as follows:

| | Weighted Average Interest Rate | Weighted Remaining Lease Term in Years | Ending Balance |
|----------------------------------|--------------------------------------|----------------------------------------------|-------------------|
| Governmental Activities: | | | |
| Equipment Operating Leases | 2.45% | 2.54 Years | \$ 571,194 |
| Total Governmental activities | | | <u>\$ 571,194</u> |
| Business-type Activities: | | | |
| Equipment Operating Leases | 2.64% | 4.02 Years | \$ 375,760 |
| Total Business-type activities | | | <u>\$ 375,760</u> |

The annual requirements to amortize leases payable outstanding as of September 30, 2024 are as follows:

| | Governmental Activities | | Business-type Activities | |
|------------|--------------------------------|-------------------|---------------------------------|-------------------|
| | Interest | Principal | Interest | Principal |
| 2025 | \$ 11,302 | \$ 274,189 | \$ 8,729 | \$ 110,458 |
| 2026 | 5,955 | 175,128 | 6,166 | 93,083 |
| 2027 | 2,227 | 77,026 | 3,867 | 71,881 |
| 2028 | 731 | 34,067 | 1,894 | 59,959 |
| 2029 | 112 | 10,784 | 721 | 25,961 |
| Thereafter | - | - | 166 | 14,418 |
| | <u>\$ 20,327</u> | <u>\$ 571,194</u> | <u>\$ 21,543</u> | <u>\$ 375,760</u> |

Lessor – Economic Development Corporation

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the Corporation initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, and subsequently, recognized as revenue over the life of the lease term.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Corporation determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The Corporation uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Corporation monitors changes in circumstances that would require a re-measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

LEASES (continued)

The lease rate, term and ending lease receivables are as follows:

| | Interest Rate | Weighted Remaining Lease Term in Years | Ending Balance |
|-----------------|------------------|-------------------------------------------|----------------|
| Building Leases | 6% | 7.06 Years | \$ 2,286,415 |

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB has issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides guidance on financial reporting for subscription-based information technology arrangements (SBITA) for government end users. SBITA results in a right-to-use subscription asset and related liability. The City has implemented this statement for the 2023 fiscal year.

The City has entered into a SBITA that allows the right to use the SBITA vendor's data storage over the subscription term. The City is required to make annual payments for the SBITA. As of September 30, 2024, SBITA assets, net of accumulated amortization, and SBITA liabilities were \$147,829.

The following table presents future lease payments that is related to SBITA as of September 30, 2024. Imputed interest represents the difference between undiscounted cash flows and discounted cash flows.

| | Governmental Activities | | Business-type Activities | |
|------------------|--------------------------------|------------------|---------------------------------|------------------|
| | SBITA Liability | Imputed Interest | SBITA Liability | Imputed Interest |
| 2025 | \$ 12,623 | \$ 1,224 | \$ 39,973 | \$ 3,877 |
| 2026 | 24,692 | 612 | 78,192 | 1,938 |
| Total | 37,315 | \$ 1,836 | 118,165 | \$ 5,815 |
| Imputed Interest | (1,836) | | (5,815) | |
| SBITA Liability | \$ 35,479 | | \$ 112,350 | |

The following table presents SBITA costs for fiscal year 2024:

| | Governmental Activities | | Business-type Activities | |
|------------------------------|--------------------------------|--------|---------------------------------|---------|
| SBITA Cost | \$ | 27,029 | \$ | 85,592 |
| Short-Term SBITA Costs | | 53,945 | | 104,284 |
| Amortization of SBITA Assets | \$ | 16,172 | \$ | 51,213 |

The following table presents statistical information related to the City's SBITA:

| SBITA Liability Weighted-Average Remaining Liability | Weighted-Average Discount Rate |
|------------------------------------------------------------|-----------------------------------|
| 2.00 | 5.00% |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

INTER-FUND TRANSFERS

Inter-fund transfer activity for the year ended September 30, 2024, was as follows:

| | Transfers Out: | | | | | Total |
|------------------------|-----------------------|-------------------|-------------------------|--------------------------|---------------------|---------------------|
| | General Fund | Capital Projects | Tax Increment Financing | American Rescue Plan Act | Water & Sewer Fund | |
| Transfers In: | | | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ 415,000 | \$ 2,154,135 | \$ 2,569,135 |
| Airport Fund | 20,000 | 15,000 | - | - | 10,000 | 45,000 |
| Debt Service Fund | - | 182,056 | 181,792 | - | - | 363,848 |
| Capital Projects | 2,508,978 | - | - | - | 150,000 | 2,658,978 |
| Tourism | 115,200 | - | - | - | - | 115,200 |
| Internal Services Fund | 170,246 | - | - | - | 172,754 | 343,000 |
| Water & Sewer Fund | - | - | - | 3,214,372 | - | 3,214,372 |
| Total | <u>\$ 2,814,424</u> | <u>\$ 197,056</u> | <u>\$ 181,792</u> | <u>\$ 3,629,372</u> | <u>\$ 2,486,889</u> | <u>\$ 9,309,533</u> |

Purpose of Transfers

Each transfer represents a specific budgetary policy decision by the City Council. Starting with Fiscal Year 2005, the City Council assessed the three city utilities, Water, Sewer and Sanitation, all part of the Enterprise Fund, a franchise fee of 4% which is similar to franchise fees assessed on the other utilities such as electric, gas and communications. Thus, the Enterprise Fund sent the General Fund \$2,154,135, which includes its percentage of Administration, Finance, Planning, and Engineering. The General Fund transferred \$2,508,978 to the Capital Fund to pay for street and drainage projects. The Airport Fund received \$20,000 from the General Fund, \$15,000 from the Capital Fund, and \$10,000 from the Enterprise Fund to assist with operations as well as match grants for capital work. The transfers from the Capital and Tax Increment Financing Funds to the Debt Service Fund made specific debt service payments. The General Fund and Enterprise Fund transferred \$170,246 and \$172,754 respectively to the Internal Services Fund to pay for Property and Liability Insurance.

LONG-TERM DEBT

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. The government also issues revenue bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

LONG-TERM DEBT (continued)

Long-term liability activity for the year ended September 30, 2024 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 11,088,124 | \$ 2,865,000 | \$ (1,168,124) | \$ 12,785,000 | \$ 1,280,000 |
| Leases Payable | 451,167 | 379,593 | (259,566) | 571,194 | 110,458 |
| SBITA Payable | - | 62,508 | (27,029) | 35,479 | 11,399 |
| Note Payable | 133,000 | - | (29,000) | 104,000 | 34,000 |
| | <u>11,672,291</u> | <u>3,307,101</u> | <u>(1,483,719)</u> | <u>13,495,673</u> | <u>1,435,857</u> |
| Bond Premium | - | 221,558 | (923) | 220,635 | 11,078 |
| Compensated Absences | 419,996 | - | (24,374) | 395,622 | 322,753 |
| Totals | <u>\$ 12,092,287</u> | <u>\$ 3,528,659</u> | <u>\$ (1,509,016)</u> | <u>\$ 14,111,930</u> | <u>\$ 1,769,688</u> |

The bonds will be repaid by the debt service fund, while the note will be repaid by the general fund. Compensated absences will be liquidated by the general fund.

Bonds payable at September 30, 2024 are comprised of the following issues for the debt service fund:

Combination Tax and Revenue Certificates of Obligation

A bond issue of \$7,440,000 dated July 1, 2012 maturing serially September 1, 2013 to September 1, 2042. Interest rates range from 1.25% to 3.75%, payable March 1 and September 1 to September 1, 2042. \$ 3,585,000

Combination Tax & Limited Surplus Revenue Certificates of Obligation

A bond issue of \$5,350,000 (93.37% Debt Service Fund portion) dated December 4, 2014 maturing serially July 1, 2016 to July 1, 2035. Interest rates range from 1.5% to 3.5%, payable January 1 and July 1 to July 1, 2035. 1,590,000

Combination Tax & Limited Surplus Revenue Certificates of Obligation

A bond issue of \$5,230,000 (20.92% Debt Service Fund portion) dated August 17, 2017 maturing serially September 1, 2018 to September 1, 2037. Interest rates range from 2.0% to 4.0%, payable March 1 and September 1 to September 1, -

General Obligation Refunding Bonds

A bond issue of \$3,505,000 dated June 6, 2019 maturing serially September 1, 2020 to September 1, 2039. Interest rates range from 3.00% to 4.00%, payable March 1 and September 1 to September 1, 2039. 2,430,000

Combination Tax and Revenue Certificates of Obligation

A bond issue of \$7,440,000 dated July 1, 2012 maturing serially September 1, 2013 to September 1, 2042. Interest rates range from 1.25% to 3.75%, payable March 1 and September 1 to September 1, 2042. 2,315,000

Combination Tax and Revenue Certificates of Obligation

A bond issue of \$2,865,000 dated July 15, 2024 maturing serially September 1, 2025 to September 1, 2044. Interest rates range from 4.00% to 5.00%, payable March 1 and September 1, 2025 to September 1, 2044. 2,865,000

Combined Debt \$ 12,785,000

On December 7, 2016, the City bought certain real property (a lot at the municipal airport) for \$280,000 and financed the purchase. The loan is collateralized by the real property. The note is to be paid in interest free annual payments beginning December 30, 2016 and continuing until December 30, 2027. Outstanding balance of the note is \$104,000.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

LONG-TERM DEBT *(continued)*

The annual requirements to amortize the long-term debt (includes Bonds and Notes Payable) outstanding for the governmental funds as of September 30, 2024 are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,314,000 | \$ 469,802 | \$ 1,783,802 |
| 2026 | 1,040,000 | 412,863 | 1,452,863 |
| 2027 | 1,080,000 | 378,413 | 1,458,413 |
| 2028 | 755,000 | 342,613 | 1,097,613 |
| 2029 | 785,000 | 315,188 | 1,100,188 |
| 2030-2034 | 3,075,000 | 1,238,888 | 4,313,888 |
| 2035-2039 | 3,405,000 | 785,275 | 4,190,275 |
| 2040-2044 | 1,435,000 | 154,125 | 1,589,125 |
| Totals | <u>\$ 12,889,000</u> | <u>\$ 4,097,167</u> | <u>\$ 16,986,167</u> |

During the year ended September 30, 2024, the following changes occurred in liabilities reported in the Water and Sewer Fund.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Business-Type Activities: | | | | | |
| Bonds Payable | \$ 20,106,875 | \$ 8,930,000 | \$ (1,151,875) | \$ 27,885,000 | \$ 1,205,000 |
| Leases Payable | 120,453 | 333,811 | (78,503) | 375,761 | 51,659 |
| SBITA Payable | - | 197,942 | (85,592) | 112,350 | 36,096 |
| Compensated Absences | 143,897 | - | (1,618) | 142,279 | 115,115 |
| | <u>20,371,225</u> | <u>9,461,753</u> | <u>(1,317,588)</u> | <u>28,515,390</u> | <u>1,407,870</u> |
| Bond Premium | 557,397 | 335,087 | (35,372) | 857,112 | 45,611 |
| | <u>\$ 20,928,622</u> | <u>\$ 9,796,840</u> | <u>\$ (1,352,960)</u> | <u>\$ 29,372,502</u> | <u>\$ 1,453,481</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

LONG-TERM DEBT *(continued)*

Bonds payable at September 30, 2024 are comprised of the following issues for the Water and Sewer fund:

Combination Tax & Revenue Certificates of Obligation

A bond issue of \$18,200,000 dated October 4, 2016 maturing serially September 1, 2017 to September 1, 2046. Interest rates range from 0.01% to 1.45%, payable March 1 and September 1 to September 1, 2046. \$ 14,115,000

General Obligation Refunding Bonds

A bond issue \$1,555,000 dated August 17, 2017 maturing serially July 1, 2018 to July 1, 2027. Interest is 2.20%, payable January 1 and July 1 to July 1, 2027. These bonds were issued to redeem \$1,515,000 of Combination Tax and Revenue Refunding Bonds dated July 1, 2007. 500,000

Combination Tax & Limited Surplus Revenue Certificates of Obligation

A bond issue of \$5,230,000 (79.08% Debt Service Fund portion) dated August 17, 2017 maturing serially September 1, 2018 to September 1, 2037. Interest rates range from 2.0% to 4.0%, payable March 1 and September 1 to September 1, 2037. 2,555,000

General Obligation Refunding Bonds

A bond issue of \$2,120,000 dated November 1, 2021 maturing serially September 1, 2023 to September 1, 2032. Interest rates range from 2.00% to 5.00%, payable March 1 and September 1, 2023 to September 1, 2039. 1,785,000

Combination Tax and Revenue Certificates of Obligation

A bond issue of \$8,930,000 dated July 15, 2024 maturing serially September 1, 2025 to September 1, 2054. Interest rates range from 4.00% to 5.00%, payable March 1 and September 1, 2025 to September 1, 2054. 8,930,000

Combined Debt \$ 27,885,000

These bonds will be repaid by the Water and Sewer Fund.

The annual requirements to amortize all bonded debt outstanding for the Water and Sewer Fund as of September 30, 2024 are as follows:

| Year Ending | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2025 | \$ 1,205,000 | \$ 369,270 | \$ 1,574,270 |
| 2026 | 1,250,000 | 791,968 | 2,041,968 |
| 2027 | 1,275,000 | 712,048 | 1,987,048 |
| 2028 | 1,140,000 | 686,220 | 1,826,220 |
| 2029 | 1,175,000 | 653,058 | 1,828,058 |
| 2030-2034 | 5,810,000 | 2,641,551 | 8,451,551 |
| 2035-2039 | 5,185,000 | 1,955,697 | 7,140,697 |
| 2040-2044 | 5,065,000 | 1,351,747 | 6,416,747 |
| 2045-2049 | 3,405,000 | 777,519 | 4,182,519 |
| 2050-2054 | 2,375,000 | 309,631 | 2,684,631 |
| Totals | <u>\$ 27,885,000</u> | <u>\$ 10,248,709</u> | <u>\$ 38,133,709</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

Notes Payable – Economic Development Corporation

During the year ended September 30, 2024, the following changes occurred in liabilities reported for the Corporation:

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|---------------|----------------------|-------------|---------------------|---------------------|------------------------|
| Notes payable | \$ 1,261,787 | \$ - | \$ (226,886) | \$ 1,034,901 | \$ 233,904 |
| | <u>\$ 1,261,787</u> | <u>\$ -</u> | <u>\$ (226,886)</u> | <u>\$ 1,034,901</u> | <u>\$ 233,904</u> |

On May 18, 2017, the Corporation borrowed \$2,236,847 from Southside Bank. The loan is being repaid in 113 monthly payments of \$21,051 (beginning June 1, 2017) and 24 monthly payments of \$8,611 (beginning November 1, 2026), including interest computed at 3.05 percent. The note will be paid in full after the final payment on January 1, 2029.

RESTRICTED ASSETS & LIABILITIES

The balances of the restricted asset and liabilities accounts in the enterprise funds are as follows:

| | |
|------------------------------|---------------------|
| Customer Deposits | \$ 680,380 |
| Accrued Interest Payable | 104,177 |
| Current Revenue CO's Payable | 900,611 |
| Current GO Bonds Payable | 350,000 |
| Total Restricted Assets | <u>\$ 2,035,168</u> |

RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located with Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There was no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

The government has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each fund that accounts for full-time employees. The total charge allocated to each of the funds (the allocation is based upon number of employees in each fund) is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims. Stop-loss coverage is \$80,000 per employee and \$1,602,341 in the aggregate.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RISK MANAGEMENT *(continued)*

Changes in the medical claims liability amounts in fiscal year 2024 were as follows:

| | |
|----------------------------------|-----------|
| | 2024 |
| Unpaid Claims, Beginning of Year | \$ 28,720 |
| Incurred Claims (Including IBNR) | 878,359 |
| Claim Payments | (866,316) |
| Unpaid Claims, End of Year | \$ 40,763 |

UNEARNED REVENUE

In 2021, the American Rescue Plan Act was signed into law and established the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. As September 30, 2024, the governmental funds recognized \$82,430 of unearned revenue from unspent grant proceeds.

RETIREMENT SYSTEM – PENSION PLAN

Plan Description - The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the city were as follows:

| | Plan Year 2023 | Plan Year 2022 |
|-----------------------------------------------------------------------|-----------------|-----------------|
| Employee deposit rate | 6% | 6% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated Service Credit | 100%, Transfers | 100%, Transfers |
| Annuity increase (to retirees) | 0% of CPI | 0% of CPI |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – PENSION PLAN *(continued)*

Employees Covered by Benefit Terms - At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|------------------------------------------------------------------|------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 131 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 98 |
| Active Employees | <u>147</u> |
| | 376 |

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 were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.11% and 7.65% in calendar year 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$767,638 and were equal to required contributions.

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

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

- Inflation – 2.5% 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 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – PENSION PLAN – Net Pension Liability *(continued)*

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|----------------------------------|--------------------------|--------------------------------------------------------------------|
| Global Public Equity | 35.00% | 6.70% |
| Core Fixed Income | 6.00% | 4.70% |
| Non-Core Fixed Income | 20.00% | 8.00% |
| Other Public and Private Markets | 12.00% | 8.00% |
| Real Estate | 12.00% | 7.60% |
| Hedge Funds | 5.00% | 6.40% |
| Private Equity | 10.00% | 11.60% |
| | <u>100.00%</u> | |

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

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – PENSION PLAN – Net Pension Liability *(continued)*

Changes in the Net Pension Liability

| | Increase/(Decrease) | | |
|------------------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2022 | \$ 49,081,895 | \$ 43,783,475 | \$ 5,298,420 |
| Changes for the Year: | | | |
| Service Cost | 1,336,054 | - | 1,336,054 |
| Interest | 3,278,137 | - | 3,278,137 |
| Change of Benefit Terms | - | - | - |
| Diff. Between Expected/Actual Experience | 280,796 | - | 280,796 |
| Changes of Assumptions | (236,821) | - | (236,821) |
| Contributions - Employer | - | 719,647 | (719,647) |
| Contributions - Employee | - | 607,297 | (607,297) |
| Net Investment Income | - | 5,057,217 | (5,057,217) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,369,862) | (2,369,862) | - |
| Administrative Expenses | - | (32,238) | 32,238 |
| Other Changes | - | (224) | 224 |
| Net Changes | <u>2,288,304</u> | <u>3,981,837</u> | <u>(1,693,533)</u> |
| Balance at 12/31/2023 | <u>\$ 51,370,199</u> | <u>\$ 47,765,312</u> | <u>\$ 3,604,887</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 5.75% | Discount Rate 6.75% | 1% Increase 7.75% |
|------------------------------|----------------------|------------------------|-----------------------|
| City's Net Pension Liability | <u>\$ 9,818,582</u> | <u>\$ 3,604,887</u> | <u>\$ (1,606,716)</u> |

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 trms.com.

Pension Expense and Deferred Outflows and Inflows of Resources - For the year ended September 30, 2024, the City recognized pension gain in the amount of \$240,049. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected & Actual Economic Experience (net of current year amortization) | \$ - | \$ 3,101 |
| Changes in Actuarial Assumptions | - | 174,663 |
| Differences Between Projected & Actual Investment Earnings (net of current year amortization) | 1,222,998 | - |
| Contributions Subsequent to the Measurement Date | 581,108 | - |
| Total | <u>\$ 1,804,106</u> | <u>\$ 177,764</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – PENSION PLAN -

Pension Expense and Deferred Outflows and Inflows of Resources *(continued)*

\$581,108 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | |
|----------------------------|---------------------|
| 2024 | \$ 125,370 |
| 2025 | 395,661 |
| 2026 | 944,568 |
| 2027 | (420,365) |
| 2028 | - |
| Thereafter | - |
| | <u>\$ 1,045,234</u> |

RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS

Plan Description - The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). SDBF is an unfunded multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Texas Municipal Retirement System (TMRS).

OPEB Plan Fiduciary Net Position - Detailed information about the TMRS SDBF’s fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. This report may be obtained at www.tmrs.com.

Benefits Provided – SDBF is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit and is a fixed amount of \$7,500.

Contributions – City contribution rates for the SDBF are established at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Employees for the City were not required to contribute to the SDBF. The contribution rates for the City were 0.44% and 0.43% in calendar year 2023 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2024 were \$44,207 and were equal to required contributions.

Employees Covered by Benefit Terms - At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|------------------------------------------------------------------|------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 92 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 19 |
| Active Employees | <u>147</u> |
| | 258 |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS *(continued)*

Actuarial Assumptions - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation | 2.50% |
| Salary Increases | 3.60% to 11.85% including inflation |
| Discount Rate* | 3.77% |
| 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |
| Mortality Rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 the most recent Scale MP-2021 (with immediate convergence) 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, 2023.
Note: The actuarial assumption used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Total OPEB Liability - The City's Total OPEB Liability was determined by an actuarial valuation as of December 31, 2023.

| | <u>Increase/(Decrease)</u> |
|------------------------------------------------------------------|----------------------------|
| | Total OPEB Liability |
| Balance at 12/31/2022 | \$ 543,777 |
| Changes for the Year: | |
| Service Cost | 17,207 |
| Interest | 21,941 |
| Change of Benefit Terms | - |
| Diff. Between Expected/Actual Experience | (25,504) |
| Changes of Assumptions | 26,382 |
| Contributions - Employer | - |
| Contributions - Employee | - |
| Net Investment Income | - |
| Benefit Payments, Including Refunds of Employee Contributions | (21,255) |
| Administrative Expenses | - |
| Other Changes | - |
| Net Changes | <u>18,771</u> |
| Balance at 12/31/2023 | <u>\$ 562,548</u> |

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS *(continued)*

Discount Rate Sensitivity Analysis - The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City’s total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate.

| | 1% Decrease 2.77% | Discount Rate 3.77% | 1% Increase 4.77% |
|-----------------------------|----------------------|------------------------|----------------------|
| City's total OPEB Liability | \$ 659,370 | \$ 562,548 | \$ 484,922 |

OPEB Expense and Deferred Outflows and Inflows of Resources - For the year ended September 30, 2024, the City recognized OPEB gain in the amount of \$4,609. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences Between Expected & Actual Economic Experience (net of current year amortization) | \$ - | \$ 40,974 |
| Changes in Actuarial Assumptions | - | 85,039 |
| Differences Between Projected & Actual Investment Earnings (net of current year amortization) | - | - |
| Contributions Subsequent to the Measurement Date | 32,664 | - |
| Total | \$ 32,664 | \$ 126,013 |

\$32,664 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

| Year Ended December 31, | | |
|----------------------------|----|-----------|
| 2024 | \$ | (19,771) |
| 2025 | | (35,398) |
| 2026 | | (41,325) |
| 2027 | | (29,597) |
| 2028 | | 78 |
| Thereafter | | - |
| | \$ | (126,013) |

TAX ABATEMENTS

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property taxes and may include other incentive payments such as fee reductions or construction cost reimbursements. Economic Development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives. A summary of the tax abatements for the 2024 and 2023 tax years follows:

CITY OF SULPHUR SPRINGS
Notes to the Financial Statements
September 30, 2024

TAX ABATEMENTS *(continued)*

| Company | Abatements | | Begins | Ends |
|---------------------|----------------------|----------------------|--------|------|
| | 2024 Tax Year | 2023 Tax Year | | |
| Saputo Dairy Foods | \$ 40,849,483 | \$ 42,748,155 | 2018 | 2027 |
| Backstory Beverages | - | 597,470 | 2019 | 2023 |
| Backstory Beverages | - | 302,530 | 2019 | 2023 |
| Total | <u>\$ 40,849,483</u> | <u>\$ 43,648,155</u> | | |

CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIALS STATEMENTS

Economic Development Corporation – Correction of Prior Year Error in Capital Assets

During fiscal year 2024, the Corporation identified that certain capital assets, which had been previously sold or donated, were incorrectly included in the beginning balance of capital assets. As a result, the net value of capital assets was overstated by \$8,770,478 as of September 30, 2023. Additionally, the depreciation expense for fiscal year 2023 was overstated by \$249,316.

During fiscal year 2024, the change due to an error correction resulted in a restatement of beginning net position, as follows:

| Net Position Restatement | Corporation |
|--------------------------------------------------|----------------------|
| Net Position - As Originally Reported | \$ 27,016,974 |
| Decrease in Land | (316,490) |
| Decrease in Buildings and Infrastructure | (8,494,970) |
| Increase in Land Improvements | 40,982 |
| Net Position as of September 30, 2023 - Restated | <u>\$ 18,246,496</u> |

EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 19, 2025, the date which the financial statements were available to be issued. There are no matters to report with the evaluation.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

CITY OF SULPHUR SPRINGS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Fiscal Year Ended September 30, 2024

(Unaudited)

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------------------|------------------------------|-------------------|---------------------------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 5,062,908 | \$ 5,062,908 | \$ 4,916,270 | \$ (146,638) |
| Sales | 5,805,500 | 5,955,500 | 6,048,654 | 93,154 |
| Franchise | 1,248,000 | 1,248,000 | 1,188,306 | (59,694) |
| Alcoholic Beverages | 55,000 | 55,000 | 57,617 | 2,617 |
| License & Permits | 305,850 | 305,850 | 287,943 | (17,907) |
| Intergovernmental | 32,500 | 32,500 | 30,015 | (2,485) |
| Charges for Services | 30,650 | 30,650 | 37,791 | 7,141 |
| Fines & Forfeitures | 1,013,500 | 1,013,500 | 954,606 | (58,894) |
| Interest | - | - | 417,058 | 417,058 |
| Miscellaneous | 249,715 | 249,715 | 282,086 | 32,371 |
| Total Revenues | <u>13,803,623</u> | <u>13,953,623</u> | <u>14,220,346</u> | <u>266,723</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | | | |
| Administration | 829,733 | 829,733 | 888,565 | (58,832) |
| Finance & Tax | 488,983 | 488,983 | 483,417 | 5,566 |
| Municipal Court | 643,046 | 643,046 | 569,323 | 73,723 |
| Community Development | 1,334,974 | 1,334,974 | 760,159 | 574,815 |
| Maintenance | 354,258 | 354,258 | 357,921 | (3,663) |
| Department Capital | 119,500 | 119,500 | 173,160 | (53,660) |
| Contingency | 60,000 | 170,000 | 19,342 | 150,658 |
| Economic Development Agreements | 97,700 | 97,700 | 81,524 | 16,176 |
| Total General Government | <u>3,928,194</u> | <u>4,038,194</u> | <u>3,333,411</u> | <u>704,783</u> |
| Public Safety: | | | | |
| Police | 4,658,284 | 4,658,284 | 4,027,802 | 630,482 |
| Lease Related - Police | - | - | 639,159 | (639,159) |
| Fire | 2,787,840 | 2,861,840 | 2,780,730 | 81,110 |
| Department Capital | 1,033,500 | 1,033,500 | 523,704 | 509,796 |
| Total Public Safety | <u>8,479,624</u> | <u>8,553,624</u> | <u>7,971,395</u> | <u>582,229</u> |
| Transportation: | | | | |
| Street | 799,069 | 799,069 | 698,167 | 100,902 |
| Department Capital | 85,000 | 85,000 | - | 85,000 |
| Total Transportation | <u>884,069</u> | <u>884,069</u> | <u>698,167</u> | <u>185,902</u> |
| Culture & Recreation: | | | | |
| Library | 401,084 | 401,084 | 391,040 | 10,044 |
| Parks & Recreation | 1,220,546 | 1,220,546 | 1,321,476 | (100,930) |
| Department Capital | 159,250 | 159,250 | - | 159,250 |
| Total Culture & Recreation | <u>1,780,880</u> | <u>1,780,880</u> | <u>1,712,516</u> | <u>68,364</u> |
| Total Expenditures | <u>15,072,767</u> | <u>15,256,767</u> | <u>13,715,489</u> | <u>1,541,278</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>(1,269,144)</u> | <u>(1,303,144)</u> | <u>504,857</u> | <u>1,808,001</u> |

CITY OF SULPHUR SPRINGS

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the Fiscal Year Ended September 30, 2024

(Unaudited)

(continued)

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|-----------------------------------------|---------------------------------|------------------------------|---------------------|---------------------------------------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In | 2,154,135 | 2,569,135 | 2,569,135 | - |
| Transfer Out | (2,049,424) | (2,814,424) | (2,814,424) | - |
| Other Financing Sources - Debt Proceeds | - | - | 442,101 | 442,101 |
| Total Other Financing Sources (uses) | <u>104,711</u> | <u>(245,289)</u> | <u>196,812</u> | <u>442,101</u> |
| Net Change in Fund Balances | (1,164,433) | (1,548,433) | 701,669 | 2,250,102 |
| Fund Balances - Beginning | <u>7,145,456</u> | <u>7,145,456</u> | <u>7,145,456</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 5,981,023</u> | <u>\$ 5,597,023</u> | <u>\$ 7,847,125</u> | <u>\$ 2,250,102</u> |

CITY OF SULPHUR SPRINGS

Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measured Years
(Unaudited)

| | Plan Year Ended December 31, | | | |
|-------------------------------------------------------------------------|------------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 |
| Total Pension Liability | | | | |
| Service Cost | \$ 1,336,054 | \$ 1,220,089 | \$1,150,609 | \$ 1,118,869 |
| Interest (on the Total Pension Liability) | 3,278,137 | 3,137,215 | 3,053,413 | 2,939,171 |
| Changes of Benefit Terms | - | - | - | - |
| Difference Between Expected & Actual Experience | 280,796 | (11,304) | (812,402) | (82,940) |
| Change of Assumptions | (236,821) | - | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (2,369,862) | (2,262,637) | (2,107,075) | (2,489,908) |
| Net Change in Total Pension Liability | <u>2,288,304</u> | <u>2,083,363</u> | <u>1,284,545</u> | <u>1,485,192</u> |
| Total Pension Liability - Beginning | <u>49,081,895</u> | <u>46,998,532</u> | <u>45,713,987</u> | <u>44,228,795</u> |
| Total Pension Liability - Ending (a) | <u>\$ 51,370,199</u> | <u>\$ 49,081,895</u> | <u>\$ 46,998,532</u> | <u>\$ 45,713,987</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 719,647 | \$ 726,369 | \$ 680,016 | \$ 693,360 |
| Contributions - Employee | 607,297 | 553,747 | 521,818 | 508,577 |
| Net Investment Income | 5,057,217 | (3,519,096) | 5,670,749 | 3,161,767 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,369,862) | (2,262,637) | (2,107,075) | (2,489,908) |
| Administrative Expense | (32,238) | (30,496) | (26,263) | (20,476) |
| Other | (224) | 36,391 | 180 | (799) |
| Net Change in Plan Fiduciary Net Position | <u>3,981,837</u> | <u>(4,495,722)</u> | <u>4,739,425</u> | <u>1,852,521</u> |
| Plan Fiduciary Net Position - Beginning | <u>43,783,474</u> | <u>48,279,196</u> | <u>43,539,771</u> | <u>41,687,250</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 47,765,311</u> | <u>\$ 43,783,474</u> | <u>\$ 48,279,196</u> | <u>\$ 43,539,771</u> |
| Net Pension Liability - Ending (a) - (b) | \$ 3,604,888 | \$ 5,298,421 | \$ (1,280,664) | \$ 2,174,216 |
| Plan Fiduciary Net Position as Percentage of Total Pension Liability | 92.98% | 89.20% | 102.72% | 95.24% |
| Covered Payroll | \$ 9,953,348 | \$ 8,951,665 | \$ 8,304,687 | \$ 8,476,280 |
| Net Pension Liability as Percentage of Covered Payroll | 36.22% | 59.19% | -15.42% | 25.65% |

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates. For example: as of December 31, 2023 for fiscal year 2024. This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,134,768 | \$ 1,098,723 | \$ 1,067,537 | \$ 1,071,312 | \$ 974,458 | \$ 881,939 |
| 2,837,419 | 2,705,236 | 2,605,150 | 2,487,880 | 2,409,813 | 2,280,911 |
| - | - | - | - | - | - |
| (142,855) | 278,872 | (235,957) | (97,651) | (205,165) | 119,290 |
| 88,307 | - | - | - | 638,184 | - |
| <u>(2,314,585)</u> | <u>(1,970,603)</u> | <u>(1,968,528)</u> | <u>(1,476,121)</u> | <u>(1,392,134)</u> | <u>(1,581,767)</u> |
| 1,603,054 | 2,112,228 | 1,468,202 | 1,985,420 | 2,425,156 | 1,700,373 |
| <u>42,625,741</u> | <u>40,513,513</u> | <u>39,045,311</u> | <u>37,059,891</u> | <u>34,634,735</u> | <u>32,934,362</u> |
| <u>\$ 44,228,795</u> | <u>\$ 42,625,741</u> | <u>\$ 40,513,513</u> | <u>\$ 39,045,311</u> | <u>\$ 37,059,891</u> | <u>\$ 34,634,735</u> |
| | | | | | |
| \$ 636,073 | \$ 606,304 | \$ 574,089 | \$ 458,959 | \$ 471,266 | \$ 481,593 |
| 508,864 | 491,599 | 479,074 | 478,977 | 456,065 | 429,994 |
| 5,740,055 | (1,174,423) | 4,888,366 | 2,268,525 | 50,194 | 1,877,990 |
| (2,314,585) | (1,970,603) | (1,968,528) | (1,476,121) | (1,392,134) | (1,581,767) |
| (32,453) | (22,706) | (25,337) | (25,624) | (30,574) | (19,609) |
| (975) | (1,186) | (1,286) | (1,381) | (1,510) | (1,612) |
| <u>4,536,979</u> | <u>(2,071,015)</u> | <u>3,946,378</u> | <u>1,703,335</u> | <u>(446,693)</u> | <u>1,186,589</u> |
| <u>37,150,271</u> | <u>39,221,286</u> | <u>35,274,908</u> | <u>33,571,573</u> | <u>34,018,266</u> | <u>32,831,677</u> |
| <u>\$ 41,687,250</u> | <u>\$ 37,150,271</u> | <u>\$ 39,221,286</u> | <u>\$ 35,274,908</u> | <u>\$ 33,571,573</u> | <u>\$ 34,018,266</u> |
| | | | | | |
| \$ 2,541,545 | \$ 5,475,470 | \$ 1,292,227 | \$ 3,770,403 | \$ 3,488,318 | \$ 616,469 |
| 94.25% | 87.15% | 96.81% | 90.34% | 90.59% | 98.22% |
| | | | | | |
| \$ 8,481,073 | \$ 8,193,314 | \$ 7,984,569 | \$ 7,982,952 | \$ 7,601,080 | \$ 7,166,568 |
| 29.97% | 66.83% | 16.18% | 47.23% | 45.89% | 8.60% |

CITY OF SULPHUR SPRINGS
Schedule of Pension Contributions
Texas Municipal Retirement System
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year Ended September 30, | | | |
|----------------------------------------------------------------------|---------------------------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 |
| Actuarially Determined Contribution | \$ 767,638 | \$ 723,023 | \$ 675,030 | \$ 657,023 |
| Contributions in Relation to the Actuarially Determined Contribution | (767,638) | (723,023) | (675,030) | (657,023) |
| Contribution Deficiency/(Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 10,219,664 | \$ 9,894,911 | \$ 8,591,266 | \$ 8,304,687 |
| Contributions as Percentage of Covered Payroll | 7.51% | 7.31% | 7.86% | 7.91% |

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2024 are for the measurement date of December 31, 2023. This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods & Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 20 Years (longest amortization ladder) |
| Asset Valuation Method | 10 year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2022. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

Other Information: Granted 100% ad hoc USC with transfer.

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 628,565 | \$ 611,309 | \$ 576,057 | \$ 544,079 | \$ 464,398 | \$ 471,266 |
| (628,565) | (611,309) | (576,057) | (544,079) | (464,398) | (471,266) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 8,189,590 | \$ 8,178,552 | \$ 7,841,080 | \$ 7,745,406 | \$ 7,662,705 | \$ 7,601,080 |
| 7.68% | 7.47% | 7.35% | 7.02% | 6.06% | 6.20% |

CITY OF SULPHUR SPRINGS
Schedule of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measured Years
(Unaudited)

| | Plan Year Ended December 31, | | |
|---------------------------------------------------------------|------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2021 |
| Total OPEB Liability | | | |
| Service Cost | \$ 17,207 | \$ 31,379 | \$27,830 |
| Interest (on the Total OPEB Liability) | 21,941 | 13,822 | 14,778 |
| Changes of Benefit Terms | - | - | - |
| Difference Between Expected & Actual Experience | (25,504) | 7,521 | (34,932) |
| Change of Assumptions | 26,382 | (235,663) | 19,849 |
| Benefit Payments, Including Refunds of Employee Contributions | (21,255) | (17,535) | (16,524) |
| Net Change in Total OPEB Liability | 18,771 | (200,476) | 11,001 |
| Total OPEB Liability - Beginning | 543,777 | 744,253 | 733,252 |
| Total OPEB Liability - Ending | <u>\$ 562,548</u> | <u>\$ 543,777</u> | <u>\$ 744,253</u> |
| Covered Payroll | \$ 9,953,348 | \$ 8,951,665 | \$ 8,304,687 |
| Total OPEB Liability as a Percentage of Covered Payroll | 5.65% | 6.07% | 8.96% |

Note: The information in this scheduled has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10- year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

| | 2020 | 2019 | 2018 | 2017 |
|----|----------------|-------------------|-------------------|-------------------|
| \$ | 22,038 | \$ 16,962 | \$ 18,025 | \$ 15,171 |
| | 17,754 | 19,538 | 17,638 | 17,543 |
| | - | - | - | - |
| | (25,540) | (8,906) | (2,024) | - |
| | 86,944 | 93,941 | (34,756) | 38,688 |
| | (5,086) | (5,089) | (4,097) | (3,992) |
| | <u>96,110</u> | <u>116,446</u> | <u>(5,214)</u> | <u>67,410</u> |
| | <u>637,142</u> | <u>520,696</u> | <u>525,910</u> | <u>458,500</u> |
| \$ | <u>733,252</u> | \$ <u>637,142</u> | \$ <u>520,696</u> | \$ <u>525,910</u> |
| \$ | 8,476,280 | \$ 8,481,073 | \$ 8,193,314 | \$ 7,984,569 |
| | 8.65% | 7.51% | 6.36% | 6.59% |

**COMBINING & INDIVIDUAL
FUND STATEMENTS & SCHEDULES
(Unaudited)**

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects

Street Improvement Fund – The capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. This fund is used to account for construction of street projects.

Debt Service

Debt Service Fund – This fund accounts for resources used to make payments for the principal and interest on long-term general obligation debt of governmental funds.

Special Revenue Funds

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

Tax Increment Financing Fund - This fund is used to account for the government's local option property tax revenues in the downtown area that are restricted to pay bonded debt used to revitalize the downtown area.

Tourism Fund - This fund is used to account for hotel/motel taxes that are used to promote tourism within the City.

Police Fund - This fund is used to account for grants and donations received for police department purposes.

Revolving Loan Fund – This fund is used to account for revolving loan funds that are used to make direct loans to local businesses for development and expansion.

Opioid Settlement Fund – This fund is used to account for opioid settlements for a purpose provided within the settlements.

Airport Fund – This fund is used to account for activity related to the City airport.

CITY OF SULPHUR SPRINGS
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended September 30, 2024
(Unaudited)

| | Tax Increment Financing | Tourism | Police Fund |
|----------------------------------------------------|-------------------------------|------------|----------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ - | \$ 573,819 | \$ 702,639 |
| Investment | - | 46,928 | 57,334 |
| Sales Tax Receivable | - | - | - |
| Other Receivables | - | - | 22,486 |
| Inventory | - | - | - |
| Prepaid Items | - | - | - |
| Total Assets | \$ - | \$ 620,747 | \$ 782,459 |
| LIABILITIES & FUND BALANCES | | | |
| Liabilities | | | |
| Accounts Payable | \$ - | \$ 5,828 | \$ - |
| Total Liabilities | - | 5,828 | - |
| DEFERRED INFLOW OF RESOURCES | | | |
| Unavailable Revenue Property Taxes | - | - | - |
| Total Deferred Inflow of Resources | - | - | - |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Inventory | - | - | - |
| Prepaid Items | - | - | - |
| Restricted: | | | |
| Debt Service | - | - | - |
| Capital Projects | - | - | - |
| Special Revenue | - | - | - |
| Assigned: | | | |
| Tourism | - | 614,919 | - |
| Other Purposes | - | - | 782,459 |
| Total Fund Balances | - | 614,919 | 782,459 |
| Total Liabilities, Derred Inflows, & Fund Balances | \$ - | \$ 620,747 | \$ 782,459 |

| Revolving Loan Fund | Street Improvement Fund | Airport Fund | Debt Service Fund | Opioid Settlement Fund | Total Nonmajor Governmental Funds |
|---------------------------|-------------------------------|-------------------|-------------------------|------------------------------|--------------------------------------------|
| \$ 115,007 | \$ 109,347 | \$ 110,483 | \$ 19,584 | \$ 44,351 | \$ 1,675,230 |
| 9,406 | 8,943 | 9,036 | 1,602 | 3,627 | 136,876 |
| - | - | - | - | - | - |
| 11,070 | 6,739 | 138,393 | 24,897 | - | 203,585 |
| - | - | 80,381 | - | - | 80,381 |
| - | - | 531,807 | - | - | 531,807 |
| <u>\$ 135,483</u> | <u>\$ 125,029</u> | <u>\$ 870,100</u> | <u>\$ 46,083</u> | <u>\$ 47,978</u> | <u>\$ 2,627,879</u> |
| | | | | | |
| \$ - | \$ 880 | \$ 4,561 | \$ - | \$ - | \$ 11,269 |
| - | - | - | - | - | - |
| <u>-</u> | <u>880</u> | <u>4,561</u> | <u>-</u> | <u>-</u> | <u>11,269</u> |
| | | | | | |
| - | - | - | 24,896 | - | 24,896 |
| - | - | - | 24,896 | - | 24,896 |
| | | | | | |
| - | - | 80,381 | - | - | 80,381 |
| - | - | 531,807 | - | - | 531,807 |
| | | | | | |
| - | - | - | 21,187 | - | 21,187 |
| - | 124,149 | - | - | - | 124,149 |
| - | - | - | - | 47,978 | 47,978 |
| | | | | | |
| - | - | - | - | - | 614,919 |
| 135,483 | - | 253,351 | - | - | 1,171,293 |
| <u>135,483</u> | <u>124,149</u> | <u>865,539</u> | <u>21,187</u> | <u>47,978</u> | <u>2,591,714</u> |
| | | | | | |
| <u>\$ 135,483</u> | <u>\$ 125,029</u> | <u>\$ 870,100</u> | <u>\$ 46,083</u> | <u>\$ 47,978</u> | <u>\$ 2,627,879</u> |

CITY OF SULPHUR SPRINGS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2024

(Unaudited)

| | Tax Increment Financing | Tourism | Police Fund |
|--------------------------------------------------------------|-------------------------------|-------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Property Taxes | \$ 80,992 | \$ - | \$ - |
| Sales Taxes | - | 245,761 | - |
| Intergovernmental | - | - | - |
| Charges for Services | - | - | - |
| Fines & Forfeitures | - | - | 60,341 |
| Interest | - | 27,767 | 14,752 |
| Grants & Contributions | 100,800 | - | 157,013 |
| Miscellaneous | - | - | 28,310 |
| Total Revenues | <u>181,792</u> | <u>273,528</u> | <u>260,416</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | - | - | 107,067 |
| Transportation | - | - | - |
| Culture & Recreation | - | 276,080 | - |
| Capital Outlay | - | - | 216,652 |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest & Fiscal Charges | - | - | - |
| Total Expenditures | <u>-</u> | <u>276,080</u> | <u>323,719</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>181,792</u> | <u>(2,552)</u> | <u>(63,303)</u> |
| OTHER FINANCING SOURCES/(USES) | | | |
| Transfers In | - | 115,200 | - |
| Transfers Out | <u>(181,792)</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources/(Uses) | <u>(181,792)</u> | <u>115,200</u> | <u>-</u> |
| Net Change in Fund Balances | - | 112,648 | (63,303) |
| Fund Balance - Beginning | <u>-</u> | <u>502,271</u> | <u>845,762</u> |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ 614,919</u> | <u>\$ 782,459</u> |

| Revolving Loan Fund | Street Improvement Fund | Airport Fund | Debt Service Fund | Opioid Settlement Fund | Total Nonmajor Governmental Funds |
|---------------------------|-------------------------------|-------------------|-------------------------|------------------------------|--------------------------------------------|
| \$ - | \$ - | \$ - | \$ 1,093,502 | \$ - | \$ 1,174,494 |
| - | - | - | - | - | 245,761 |
| - | - | - | - | - | - |
| - | 995,924 | 754,502 | - | - | 1,750,426 |
| - | - | - | - | - | 60,341 |
| 1,411 | 60,716 | 21,180 | 31,127 | 1,254 | 158,207 |
| - | - | 724,856 | - | - | 982,669 |
| - | - | 20,106 | - | 7,609 | 56,025 |
| <u>1,411</u> | <u>1,056,640</u> | <u>1,520,644</u> | <u>1,124,629</u> | <u>8,863</u> | <u>4,427,923</u> |
| - | - | - | - | - | 107,067 |
| - | - | 761,812 | - | - | 761,812 |
| - | - | - | - | - | 276,080 |
| - | 1,939,303 | 326,085 | - | - | 2,482,040 |
| - | - | - | - | - | - |
| - | - | 29,000 | 1,168,124 | - | 1,197,124 |
| - | - | - | 341,864 | - | 341,864 |
| <u>-</u> | <u>1,939,303</u> | <u>1,116,897</u> | <u>1,509,988</u> | <u>-</u> | <u>5,165,987</u> |
| <u>1,411</u> | <u>(882,663)</u> | <u>403,747</u> | <u>(385,359)</u> | <u>8,863</u> | <u>(738,064)</u> |
| - | - | 45,000 | 363,848 | - | 524,048 |
| - | - | - | - | - | (181,792) |
| <u>-</u> | <u>-</u> | <u>45,000</u> | <u>363,848</u> | <u>-</u> | <u>342,256</u> |
| 1,411 | (882,663) | 448,747 | (21,511) | 8,863 | (395,808) |
| <u>134,072</u> | <u>1,006,812</u> | <u>416,792</u> | <u>42,698</u> | <u>39,115</u> | <u>2,987,522</u> |
| <u>\$ 135,483</u> | <u>\$ 124,149</u> | <u>\$ 865,539</u> | <u>\$ 21,187</u> | <u>\$ 47,978</u> | <u>\$ 2,591,714</u> |

CITY OF SULPHUR SPRINGS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Enterprise Fund
For the Year Ended September 30, 2024
(Unaudited)

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance With Budget Positive (Negative) |
|-----------------------------------------|---------------------------------|------------------------------|----------------------|------------------------------------------------------|
| OPERATING REVENUES | | | | |
| Water Sales | \$ 7,561,907 | \$ 7,561,907 | \$ 7,228,671 | \$ (333,236) |
| Sewer Charges | 4,653,441 | 4,653,441 | 4,836,414 | 182,973 |
| Sanitation Charges | 3,870,450 | 3,870,450 | 4,821,177 | 950,727 |
| Service Charges | 180,000 | 180,000 | 216,561 | 36,561 |
| Water & Sewer Connections | 231,000 | 231,000 | 321,570 | 90,570 |
| Intergovernmental | - | - | - | - |
| Miscellaneous Revenues | 343,659 | 343,659 | 175,791 | (167,868) |
| Total Operating Revenues | <u>16,840,457</u> | <u>16,840,457</u> | <u>17,600,184</u> | <u>759,727</u> |
| OPERATING EXPENSES | | | | |
| Administration | 157,500 | 315,500 | 999,761 | (684,261) |
| Personnel Services | 3,219,906 | 3,320,121 | 3,177,878 | 142,243 |
| Supplies | 3,488,200 | 3,623,200 | 1,806,369 | 1,816,831 |
| Contractual Services | 4,916,170 | 4,916,170 | 5,114,201 | (198,031) |
| Repairs and Maintenance | 378,250 | 378,250 | 293,839 | 84,411 |
| Depreciation and Amortization | - | - | 2,216,378 | (2,216,378) |
| Other Operating Expenses | 6,773,848 | 6,773,848 | 409,738 | 6,364,110 |
| Total Operating Expenses | <u>18,933,874</u> | <u>19,327,089</u> | <u>14,018,164</u> | <u>5,308,925</u> |
| Operating Income/(Loss) | <u>(2,093,417)</u> | <u>(2,486,632)</u> | <u>3,582,020</u> | <u>6,068,652</u> |
| NONOPERATING REVENUES/(EXPENSES) | | | | |
| Interest Revenue | 325,000 | 525,000 | 582,421 | 57,421 |
| Debt Issuance Cost | - | - | (265,087) | (265,087) |
| Interest Expense & Fiscal Charges | (1,522,018) | (1,522,018) | (362,847) | 1,159,171 |
| Total Nonoperating Revenues/(Expenses) | <u>(1,197,018)</u> | <u>(997,018)</u> | <u>(45,513)</u> | <u>951,505</u> |
| Income Before Transfers | (3,290,435) | (3,483,650) | 3,536,507 | 7,020,157 |
| Transfers In | 3,206,303 | 3,206,303 | 3,214,372 | 8,069 |
| Transfers Out | <u>(2,486,889)</u> | <u>(2,486,889)</u> | <u>(2,486,889)</u> | <u>-</u> |
| Change in Net Position | (2,571,021) | (2,764,236) | 4,263,990 | 7,028,226 |
| Net Position - Beginning | <u>30,896,426</u> | <u>30,896,426</u> | <u>30,896,426</u> | <u>-</u> |
| Net Position - Ending | <u>\$ 28,325,405</u> | <u>\$ 28,132,190</u> | <u>\$ 35,160,416</u> | <u>\$ 7,028,226</u> |

CITY OF SULPHUR SPRINGS
Combining Statement of Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2024
(Unaudited)

| | <u>Volunteer Fireman Pension Plan</u> | <u>Employee Supplemental Retirement Plan</u> | <u>Total Private Purpose Trust Funds</u> |
|--------------------------------------|---------------------------------------------------|----------------------------------------------------------|--------------------------------------------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 31,423 | \$ 171,086 | \$ 202,509 |
| Investments | - | 13,992 | 13,992 |
| Total Assets | <u>31,423</u> | <u>185,078</u> | <u>216,501</u> |
| LIABILITIES | | | |
| Accounts Payable | - | 15,031 | 15,031 |
| Total Liabilities | <u>-</u> | <u>15,031</u> | <u>15,031</u> |
| NET POSITION | | | |
| Net Position Restricted for Pensions | <u>\$ 31,423</u> | <u>\$ 170,047</u> | <u>\$ 201,470</u> |

CITY OF SULPHUR SPRINGS
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2024
(Unaudited)

| | Volunteer Fireman Pension Plan | Employee Supplemental Retirement Plan | Total Private Purpose Trust Funds |
|-------------------------|-----------------------------------------|------------------------------------------------|-----------------------------------------|
| ADDITIONS | | | |
| Contributions | \$ 1,560 | \$ 312,430 | \$ 313,990 |
| Interest Income | 234 | 6,523 | 6,757 |
| Total Additions | <u>1,794</u> | <u>318,953</u> | <u>320,747</u> |
| DEDUCTIONS | | | |
| General Government | <u>1,200</u> | <u>229,587</u> | <u>230,787</u> |
| Total Deductions | <u>1,200</u> | <u>229,587</u> | <u>230,787</u> |
| Change in Net Position | 594 | 89,366 | 89,960 |
| Net Position, Beginning | <u>30,829</u> | <u>80,681</u> | <u>111,510</u> |
| Net Position, Ending | <u>\$ 31,423</u> | <u>\$ 170,047</u> | <u>\$ 201,470</u> |

CITY OF SULPHUR SPRINGS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Airport Fund
 For the Fiscal Year Ended September 30, 2024
 (Unaudited)

| | Original & Final Budgeted Amounts | Actual Amounts | Variance With Budget Positive (Negative) |
|--------------------------------------------------------------|--------------------------------------------|-------------------|------------------------------------------------------|
| REVENUES | | | |
| Charges for Services | \$ 967,050 | \$ 754,502 | \$ (212,548) |
| Grants & Contributions | 462,200 | 724,856 | 262,656 |
| Interest | 6,500 | 21,180 | 14,680 |
| Miscellaneous | 6,000 | 20,106 | 14,106 |
| Total Revenues | <u>1,441,750</u> | <u>1,520,644</u> | <u>78,894</u> |
| EXPENDITURES | | | |
| Transportation | 1,059,987 | 761,812 | 298,175 |
| Capital Outlay | 458,000 | 326,085 | 131,915 |
| Debt Service: | | | |
| Principal | 29,000 | 29,000 | - |
| Total Expenditures | <u>1,546,987</u> | <u>1,116,897</u> | <u>430,090</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>(105,237)</u> | <u>403,747</u> | <u>508,984</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer in | 45,000 | 45,000 | - |
| Transfer Out | - | - | - |
| Total Other Financing Sources/(Uses) | <u>45,000</u> | <u>45,000</u> | <u>-</u> |
| Net Change in Fund Balances | (60,237) | 448,747 | 508,984 |
| Fund Balances - Beginning | <u>416,792</u> | <u>416,792</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 356,555</u> | <u>\$ 865,539</u> | <u>\$ 508,984</u> |

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STATISTICAL SECTION (Unaudited)

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

Contents

| | |
|-----------------------|----|
| Financial Trends..... | 77 |
|-----------------------|----|

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

| | |
|------------------------|----|
| Revenue Capacity | 83 |
|------------------------|----|

These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and water & sewer revenues.

| | |
|---------------------|----|
| Debt Capacity | 90 |
|---------------------|----|

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

| | |
|--------------------------------------------|-----|
| Demographic and Economic Information | 101 |
|--------------------------------------------|-----|

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

| | |
|----------------------------|-----|
| Operating Information..... | 103 |
|----------------------------|-----|

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF SULPHUR SPRINGS
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)
(Unaudited)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 18,084 | \$ 17,204 | \$ 18,597 | \$ 20,508 | \$ 20,362 |
| Restricted | 35 | 49 | 8 | 11 | 24 |
| Unrestricted | 4,284 | 5,680 | 3,988 | 3,047 | 2,739 |
| Total Governmental Activities Net Position | <u>\$ 22,403</u> | <u>\$ 22,933</u> | <u>\$ 22,593</u> | <u>\$ 23,566</u> | <u>\$ 23,125</u> |
| Business-Type Activities | | | | | |
| Net Investment in Capital Assets | \$ 13,044 | \$ 15,899 | \$ 2,573 | \$ 7,908 | \$ 16,919 |
| Restricted | 618 | 591 | 532 | 498 | 435 |
| Unrestricted | 6,347 | 3,878 | 17,643 | 13,308 | 6,405 |
| Total Business-Type Activities Net Position | <u>\$ 20,009</u> | <u>\$ 20,368</u> | <u>\$ 20,748</u> | <u>\$ 21,714</u> | <u>\$ 23,759</u> |
| Primary Government | | | | | |
| Net Investment in Capital Assets | \$ 31,128 | \$ 33,103 | \$ 21,170 | \$ 28,416 | \$ 37,281 |
| Restricted | 653 | 640 | 540 | 509 | 459 |
| Unrestricted | 10,631 | 9,558 | 21,631 | 16,355 | 9,144 |
| Total Primary Government Net Position | <u>\$ 42,412</u> | <u>\$ 43,301</u> | <u>\$ 43,341</u> | <u>\$ 45,280</u> | <u>\$ 46,884</u> |

| 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 27,907 | \$ 29,667 | \$ 34,269 | \$ 38,782 | \$ 42,821 |
| 24 | 18 | 2,408 | 3,100 | 2,147 |
| 5,696 | 7,257 | 6,270 | 7,747 | 10,138 |
| <u>\$ 33,627</u> | <u>\$ 36,942</u> | <u>\$ 42,947</u> | <u>\$ 49,629</u> | <u>\$ 55,106</u> |
| | | | | |
| \$ 18,515 | \$ 19,675 | \$ 21,259 | \$ 22,583 | \$ 17,696 |
| 416 | 396 | 384 | 454 | 1,205 |
| 5,916 | 6,539 | 7,708 | 7,859 | 16,259 |
| <u>\$ 24,847</u> | <u>\$ 26,610</u> | <u>\$ 29,351</u> | <u>\$ 30,896</u> | <u>\$ 35,160</u> |
| | | | | |
| \$ 46,422 | \$ 49,342 | \$ 55,528 | \$ 61,365 | \$ 60,517 |
| 440 | 414 | 2,792 | 3,554 | 3,352 |
| 11,612 | 13,796 | 13,978 | 15,606 | 26,397 |
| <u>\$ 58,474</u> | <u>\$ 63,552</u> | <u>\$ 72,298</u> | <u>\$ 80,525</u> | <u>\$ 90,266</u> |

CITY OF SULPHUR SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)
(Unaudited)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| EXPENSES | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 2,942 | \$ 2,691 | \$ 2,977 | \$ 2,713 | \$ 2,824 |
| Public Safety | 5,112 | 5,343 | 6,070 | 5,716 | 6,261 |
| Transportation | 3,562 | 1,989 | 2,022 | 1,433 | 2,664 |
| Culture & Recreation | 1,720 | 2,475 | 1,875 | 2,856 | 2,688 |
| Interest on Long-Term Debt | 695 | 611 | 512 | 538 | 260 |
| Total Governmental Activities | <u>14,031</u> | <u>13,109</u> | <u>13,456</u> | <u>13,256</u> | <u>14,697</u> |
| Business-Type Activities: | | | | | |
| Water & Sewer | 6,130 | 7,047 | 7,727 | 7,406 | 7,663 |
| Sanitation | 2,370 | 2,652 | 2,545 | 2,632 | 2,775 |
| Total Business-Type Activities | <u>8,500</u> | <u>9,699</u> | <u>10,272</u> | <u>10,038</u> | <u>10,438</u> |
| Total Primary Government Expenses | <u>22,531</u> | <u>22,808</u> | <u>23,728</u> | <u>23,294</u> | <u>25,135</u> |
| PROGRAM REVENUES | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General Government | 152 | 92 | 133 | 196 | 139 |
| Public Safety | 873 | 904 | 1,070 | 596 | 586 |
| Transportation | 359 | 275 | 380 | 495 | 949 |
| Culture & Recreation | - | 3 | 2 | 10 | 4 |
| Operating Grants & Contributions | 318 | 447 | 365 | 378 | 636 |
| Capital Grants & Contributions | 119 | 444 | 22 | 520 | 204 |
| Total Governmental Activities | <u>1,821</u> | <u>2,165</u> | <u>1,972</u> | <u>2,195</u> | <u>2,518</u> |
| Program Revenues | <u>1,821</u> | <u>2,165</u> | <u>1,972</u> | <u>2,195</u> | <u>2,518</u> |
| Business-Type Activities: | | | | | |
| Charges for Services: | | | | | |
| Water & Sewer | 9,176 | 9,228 | 9,254 | 9,841 | 9,933 |
| Sanitation | 2,826 | 3,036 | 3,099 | 3,200 | 3,449 |
| Capital Grants & Contributions | - | - | - | - | - |
| Total Business-Type Activities | <u>12,002</u> | <u>12,264</u> | <u>12,353</u> | <u>13,041</u> | <u>13,382</u> |
| Program Revenues | <u>12,002</u> | <u>12,264</u> | <u>12,353</u> | <u>13,041</u> | <u>13,382</u> |
| Total Primary Government Program Revenues | <u>13,823</u> | <u>14,429</u> | <u>14,325</u> | <u>15,236</u> | <u>15,900</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | (12,210) | (10,944) | (11,484) | (11,061) | (12,179) |
| Business-Type Activities | <u>3,502</u> | <u>2,565</u> | <u>2,081</u> | <u>3,003</u> | <u>2,944</u> |
| Total Primary Government Net Asset | <u>\$ (8,708)</u> | <u>\$ (8,379)</u> | <u>\$ (9,403)</u> | <u>\$ (8,058)</u> | <u>\$ (9,235)</u> |

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|----------------|----------------|----------------|----------------|----------------|
| \$ | 2,806 | \$ 2,325 | \$ 2,795 | \$ 3,609 | \$ 3,274 |
| | 6,088 | 5,975 | 5,892 | 6,757 | 9,225 |
| | 2,801 | 3,766 | 3,103 | 3,275 | 3,344 |
| | 1,974 | 1,981 | 2,087 | 2,171 | 2,614 |
| | 402 | 605 | 387 | 377 | 437 |
| | <u>14,071</u> | <u>14,652</u> | <u>14,264</u> | <u>16,189</u> | <u>18,894</u> |
| | 7,302 | 7,154 | 7,686 | 9,394 | 10,424 |
| | 3,073 | 3,009 | 3,459 | 3,792 | 4,222 |
| | <u>10,375</u> | <u>10,163</u> | <u>11,145</u> | <u>13,186</u> | <u>14,646</u> |
| | <u>24,446</u> | <u>24,815</u> | <u>25,409</u> | <u>29,375</u> | <u>33,540</u> |
| | 142 | 175 | 245 | 287 | 288 |
| | 708 | 903 | 576 | 834 | 2,790 |
| | 942 | 1,109 | 1,787 | 1,879 | 1,750 |
| | 5 | 4 | 23 | 48 | 38 |
| | 928 | 2,415 | 259 | 719 | 3,615 |
| | 202 | 76 | 2,471 | 2,743 | 1,893 |
| | <u>2,927</u> | <u>4,682</u> | <u>5,361</u> | <u>6,510</u> | <u>10,374</u> |
| | 9,984 | 9,938 | 11,505 | 11,980 | 12,603 |
| | 3,818 | 3,754 | 4,106 | 4,334 | 4,821 |
| | - | - | - | - | - |
| | <u>13,802</u> | <u>13,692</u> | <u>15,611</u> | <u>16,314</u> | <u>17,424</u> |
| | <u>16,729</u> | <u>18,374</u> | <u>20,972</u> | <u>22,824</u> | <u>27,798</u> |
| | (11,144) | (9,970) | (8,903) | (9,679) | (8,520) |
| | 3,427 | 3,529 | 4,466 | 3,128 | 2,778 |
| \$ | <u>(7,717)</u> | <u>(6,441)</u> | <u>(4,437)</u> | <u>(6,551)</u> | <u>(5,742)</u> |

CITY OF SULPHUR SPRINGS
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)
(Unaudited)
(continued)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------------------------------------|----------------|-----------------|----------------|-----------------|-----------------|
| GENERAL REVENUES & OTHER CHANGES IN NET POSITION | | | | | |
| Governmental Activities: | | | | | |
| Taxes | | | | | |
| Property Taxes | \$ 3,914 | \$ 3,954 | \$ 3,998 | \$ 4,089 | \$ 4,134 |
| Sales Taxes | 3,682 | 3,884 | 3,875 | 4,287 | 4,618 |
| Franchise Taxes | 1,396 | 1,131 | 1,149 | 1,116 | 1,139 |
| Alcoholic Beverage Taxes | 30 | 31 | 37 | 42 | 47 |
| Investment Earnings | 7 | 23 | 40 | 118 | 174 |
| Miscellaneous | 201 | 424 | 182 | 487 | 344 |
| Transfers | 1,651 | 2,254 | 1,862 | 2,231 | 1,283 |
| Total Governmental Activities | <u>10,881</u> | <u>11,701</u> | <u>11,143</u> | <u>12,370</u> | <u>11,739</u> |
| Business-Type Activities: | | | | | |
| Investment Earnings | 6 | 18 | 92 | 226 | 239 |
| Miscellaneous | 44 | 52 | 69 | 78 | 145 |
| Transfers | (1,651) | (2,254) | (1,862) | (2,231) | (1,283) |
| Total Business-Type Activities | <u>(1,601)</u> | <u>(2,184)</u> | <u>(1,701)</u> | <u>(1,927)</u> | <u>(899)</u> |
| Total Primary Government | <u>9,280</u> | <u>9,517</u> | <u>9,442</u> | <u>10,443</u> | <u>10,840</u> |
| CHANGE IN NET POSITION | | | | | |
| Governmental Activities | (1,329) | 757 | (341) | 1,309 | (440) |
| Business-Type Activities | <u>1,901</u> | <u>381</u> | <u>380</u> | <u>1,076</u> | <u>2,045</u> |
| Total Primary Government | <u>\$ 572</u> | <u>\$ 1,138</u> | <u>\$ 39</u> | <u>\$ 2,385</u> | <u>\$ 1,605</u> |

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | 4,361 | \$ 4,719 | \$ 5,209 | \$ 5,685 | \$ 6,021 |
| | 4,556 | 5,421 | 5,941 | 6,140 | 6,294 |
| | 1,108 | 1,133 | 1,199 | 1,222 | 1,188 |
| | 40 | 50 | 49 | 60 | 58 |
| | 64 | 32 | 102 | 684 | 780 |
| | 9,150 | 829 | 385 | 382 | 381 |
| | 1,966 | 2,023 | 2,022 | 2,191 | (727) |
| | <u>21,245</u> | <u>14,207</u> | <u>14,907</u> | <u>16,364</u> | <u>13,995</u> |
| | 99 | 23 | 69 | 428 | 582 |
| | 158 | 234 | 227 | 179 | 176 |
| | (1,966) | (2,023) | (2,022) | (2,191) | 727 |
| | <u>(1,709)</u> | <u>(1,766)</u> | <u>(1,726)</u> | <u>(1,584)</u> | <u>1,485</u> |
| | <u>19,536</u> | <u>12,441</u> | <u>13,181</u> | <u>14,780</u> | <u>15,480</u> |
| | 10,101 | 4,237 | 6,004 | 6,684 | 5,475 |
| | <u>1,718</u> | <u>1,763</u> | <u>2,740</u> | <u>1,544</u> | <u>4,263</u> |
| \$ | <u>11,819</u> | <u>\$ 6,000</u> | <u>\$ 8,744</u> | <u>\$ 8,228</u> | <u>\$ 9,738</u> |

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CITY OF SULPHUR SPRINGS
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)
 (Unaudited)

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales Tax</u> | <u>Franchise Tax</u> | <u>Alcoholic Beverage Tax</u> | <u>Total</u> |
|------------------------|-------------------------|----------------------|--------------------------|---------------------------------------|--------------|
| 2015 | \$ 3,914 | \$ 3,682 | \$ 1,396 | \$ 30 | \$ 9,022 |
| 2016 | 3,954 | 3,884 | 1,131 | 31 | 9,000 |
| 2017 | 3,998 | 3,875 | 1,149 | 37 | 9,059 |
| 2018 | 4,089 | 4,287 | 1,116 | 42 | 9,534 |
| 2019 | 4,134 | 4,618 | 1,139 | 47 | 9,938 |
| 2020 | 4,361 | 4,556 | 1,108 | 40 | 10,065 |
| 2021 | 4,719 | 5,421 | 1,133 | 50 | 11,323 |
| 2022 | 5,209 | 5,941 | 1,199 | 49 | 12,398 |
| 2023 | 5,685 | 6,140 | 1,222 | 60 | 13,107 |
| 2024 | 6,021 | 6,294 | 1,188 | 58 | 13,561 |

CITY OF SULPHUR SPRINGS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)
(Unaudited)

| | Fiscal Year | | | | |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | |
| Unassigned | <u>\$ 2,862</u> | <u>\$ 2,231</u> | <u>\$ 2,823</u> | <u>\$ 3,076</u> | <u>\$ 3,493</u> |
| Total General Fund | <u><u>\$ 2,862</u></u> | <u><u>\$ 2,231</u></u> | <u><u>\$ 2,823</u></u> | <u><u>\$ 3,076</u></u> | <u><u>\$ 3,493</u></u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ 39 | \$ 22 | \$ 47 | \$ 32 | \$ 17 |
| Restricted | 3,742 | 2,412 | 262 | 397 | 464 |
| Assigned | <u>527</u> | <u>472</u> | <u>512</u> | <u>645</u> | <u>861</u> |
| Total All Other Governmental Funds | <u><u>\$ 4,308</u></u> | <u><u>\$ 2,906</u></u> | <u><u>\$ 821</u></u> | <u><u>\$ 1,074</u></u> | <u><u>\$ 1,342</u></u> |

| <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>\$ 4,054</u> | <u>\$ 6,904</u> | <u>\$ 6,200</u> | <u>\$ 7,145</u> | <u>\$ 7,847</u> |
| <u><u>\$ 4,054</u></u> | <u><u>\$ 6,904</u></u> | <u><u>\$ 6,200</u></u> | <u><u>\$ 7,145</u></u> | <u><u>\$ 7,847</u></u> |
| \$ 107 | \$ 102 | \$ 75 | \$ 87 | \$ 612 |
| 3,090 | 2,626 | 2,423 | 3,100 | 2,147 |
| 1,208 | 1,370 | 1,473 | 1,813 | 1,786 |
| <u><u>\$ 4,405</u></u> | <u><u>\$ 4,098</u></u> | <u><u>\$ 3,971</u></u> | <u><u>\$ 5,000</u></u> | <u><u>\$ 4,546</u></u> |

CITY OF SULPHUR SPRINGS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)
(Unaudited)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------------------------------|-----------------|-------------------|-------------------|----------------|----------------|
| REVENUES | | | | | |
| Taxes | \$ 8,972 | \$ 9,035 | \$ 9,075 | \$ 9,540 | \$ 9,968 |
| Licenses & Permits | 151 | 92 | 133 | 196 | 139 |
| Intergovernmental | 320 | 814 | 273 | 779 | 738 |
| Charges for Services | 359 | 278 | 382 | 505 | 954 |
| Fines | 1,045 | 925 | 978 | 965 | 987 |
| Investments Earnings | 7 | 22 | 34 | 99 | 156 |
| Contributions | 117 | 77 | 114 | 119 | 101 |
| Miscellaneous | 201 | 306 | 317 | 454 | 348 |
| Total Revenues | <u>11,172</u> | <u>11,549</u> | <u>11,306</u> | <u>12,657</u> | <u>13,391</u> |
| EXPENDITURES | | | | | |
| General Government | 2,499 | 2,489 | 2,432 | 2,509 | 2,469 |
| Public Safety | 4,889 | 5,187 | 5,318 | 5,293 | 5,436 |
| Transportation | 2,271 | 2,473 | 3,894 | 1,152 | 1,896 |
| Culture & Recreation | 1,401 | 1,512 | 1,422 | 1,393 | 1,729 |
| Capital Outlay | 1,457 | 1,706 | 919 | 2,148 | 1,612 |
| Debt Service: | | | | | |
| Principal | 1,013 | 1,536 | 1,080 | 1,171 | 1,212 |
| Interest | 680 | 607 | 563 | 544 | 515 |
| Total Expenditures | <u>14,210</u> | <u>15,510</u> | <u>15,628</u> | <u>14,210</u> | <u>14,869</u> |
| Excess of Revenues Over/(Under) Expenditures | <u>(3,038)</u> | <u>(3,961)</u> | <u>(4,322)</u> | <u>(1,553)</u> | <u>(1,478)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 4,799 | 5,518 | 5,148 | 4,767 | 5,003 |
| Transfers Out | (3,320) | (3,436) | (3,458) | (2,708) | (3,916) |
| Bonds Issued | 4,995 | - | 1,140 | - | 4,953 |
| Premium on Bonds Issued | - | - | - | - | - |
| Other Uses - Bond Issuance | - | - | - | - | (3,877) |
| Total Other Financing Sources (Uses) | <u>6,474</u> | <u>2,082</u> | <u>2,830</u> | <u>2,059</u> | <u>2,163</u> |
| Net Change in Fund Balances | <u>\$ 3,436</u> | <u>\$ (1,879)</u> | <u>\$ (1,492)</u> | <u>\$ 506</u> | <u>\$ 685</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 13.3% | 15.5% | 11.2% | 14.2% | 13.0% |

| 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------|-----------------|----------------|-----------------|----------------|
| \$ 10,122 | \$ 11,325 | \$ 12,347 | \$ 13,027 | \$ 13,631 |
| 142 | 175 | 245 | 287 | 288 |
| 368 | 170 | 138 | 129 | 30 |
| 947 | 1,114 | 1,810 | 1,927 | 1,788 |
| 1,136 | 1,081 | 1,029 | 1,018 | 1,015 |
| 60 | 9 | 101 | 678 | 766 |
| 762 | 2,428 | 2,592 | 3,333 | 5,479 |
| 9,152 | 342 | 384 | 349 | 338 |
| <u>22,689</u> | <u>16,644</u> | <u>18,646</u> | <u>20,748</u> | <u>23,335</u> |
| 2,191 | 2,736 | 2,708 | 3,019 | 3,133 |
| 5,673 | 5,894 | 6,289 | 6,459 | 7,295 |
| 1,775 | 1,542 | 1,678 | 1,494 | 1,460 |
| 1,603 | 2,451 | 1,871 | 1,852 | 2,115 |
| 10,629 | 1,338 | 5,145 | 5,784 | 9,780 |
| 1,486 | 1,521 | 1,564 | 1,524 | 1,484 |
| 469 | 436 | 393 | 382 | 342 |
| <u>23,826</u> | <u>15,918</u> | <u>19,648</u> | <u>20,514</u> | <u>25,609</u> |
| <u>(1,137)</u> | <u>726</u> | <u>(1,002)</u> | <u>234</u> | <u>(2,274)</u> |
| 4,673 | 4,587 | 4,322 | 5,562 | 5,752 |
| (2,911) | (2,769) | (2,620) | (3,721) | (6,823) |
| 3,096 | - | - | 133 | 3,307 |
| - | - | - | - | 222 |
| (96) | - | - | - | (87) |
| <u>4,762</u> | <u>1,818</u> | <u>1,702</u> | <u>1,974</u> | <u>2,371</u> |
| <u>\$ 3,625</u> | <u>\$ 2,544</u> | <u>\$ 700</u> | <u>\$ 2,208</u> | <u>\$ 97</u> |
| 14.8% | 13.4% | 13.5% | 12.9% | 11.5% |

CITY OF SULPHUR SPRINGS
 General Government Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)
 (Unaudited)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Alcoholic Beverage Tax | Total |
|----------------|-----------------|--------------|------------------|------------------------------|--------|
| 2015 | 3,864 | 3,682 | 1,396 | 30 | 8,972 |
| 2016 | 3,989 | 3,884 | 1,131 | 31 | 9,035 |
| 2017 | 4,014 | 3,875 | 1,149 | 37 | 9,075 |
| 2018 | 4,094 | 4,287 | 1,116 | 43 | 9,540 |
| 2019 | 4,164 | 4,618 | 1,139 | 47 | 9,968 |
| 2020 | 4,418 | 4,556 | 1,108 | 40 | 10,122 |
| 2021 | 4,720 | 5,421 | 1,133 | 51 | 11,325 |
| 2022 | 5,158 | 5,941 | 1,199 | 49 | 12,347 |
| 2023 | 5,605 | 6,140 | 1,222 | 60 | 13,027 |
| 2024 | 6,091 | 6,294 | 1,188 | 58 | 13,631 |

CITY OF SULPHUR SPRINGS

Assed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 (Unaudited)

| Fiscal Year Ended Sep. 30 | Real Property | | Less: Tax Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|---------------------------------|-------------------------|------------------------|-----------------------------------------|---------------------------------------|--------------------------------|-----------------------------------------|------------------------------------------------------------|
| | Residential Property | Commercial Property | | | | | |
| 2015 | 396,756 | 544,528 | 86,806 | 854,478 | 0.44000 | 941,284 | 90.78% |
| 2016 | 397,129 | 566,595 | 80,619 | 883,105 | 0.44000 | 963,724 | 91.63% |
| 2017 | 404,027 | 573,621 | 84,789 | 892,859 | 0.44000 | 977,648 | 91.33% |
| 2018 | 411,280 | 591,195 | 87,029 | 915,446 | 0.44000 | 1,002,475 | 91.32% |
| 2019 | 418,000 | 600,620 | 91,475 | 927,145 | 0.44000 | 1,018,620 | 91.02% |
| 2020 | 451,931 | 608,934 | 84,389 | 976,476 | 0.44000 | 1,060,865 | 92.05% |
| 2021 | 464,015 | 692,205 | 119,409 | 1,036,811 | 0.44000 | 1,156,220 | 89.67% |
| 2022 | 538,840 | 825,324 | 136,253 | 1,227,911 | 0.42692 | 1,364,164 | 90.01% |
| 2023 | 651,264 | 1,017,014 | 412,020 | 1,256,258 | 0.44000 | 1,668,278 | 75.30% |
| 2024 | 690,874 | 1,068,630 | 408,803 | 1,350,701 | 0.44000 | 1,759,504 | 76.77% |

Source: Hopkins County Central Appraisal District

CITY OF SULPHUR SPRINGS
Property Tax Rates -
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | City of Sulphur Springs | | | Sulphur Springs Independent School District | Hopkins County | Hopkins County Hospital District | Total |
|-------------|-------------------------|--------------------|---------|---------------------------------------------|----------------|----------------------------------|---------|
| | General Fund | Debt Service Funds | Total | | | | |
| 2015 | 0.37882 | 0.06118 | 0.44000 | 1.35048 | 0.61208 | 0.25000 | 2.65256 |
| 2016 | 0.37730 | 0.06270 | 0.44000 | 1.35048 | 0.62739 | 0.25000 | 2.66787 |
| 2017 | 0.37940 | 0.06060 | 0.44000 | 1.35048 | 0.62739 | 0.25000 | 2.66787 |
| 2018 | 0.38320 | 0.05680 | 0.44000 | 1.35048 | 0.62489 | 0.25000 | 2.66537 |
| 2019 | 0.38260 | 0.05740 | 0.44000 | 1.35048 | 0.62489 | 0.25000 | 2.66537 |
| 2020 | 0.37240 | 0.06760 | 0.44000 | 1.28048 | 0.62489 | 0.25000 | 2.59537 |
| 2021 | 0.36713 | 0.07287 | 0.44000 | 1.25138 | 0.62489 | 0.25000 | 2.56627 |
| 2022 | 0.36241 | 0.06451 | 0.42692 | 1.18248 | 0.58404 | 0.22000 | 2.41344 |
| 2023 | 0.36547 | 0.07453 | 0.44000 | 1.16510 | 0.52390 | 0.19246 | 2.32146 |
| 2024 | 0.35988 | 0.08012 | 0.44000 | 0.99140 | 0.49587 | 0.17389 | 2.10116 |

Source: Applicable Taxing Entities

CITY OF SULPHUR SPRINGS
Principal Property Taxpayers
September 30, 2024
(Amounts Expressed in Thousands)
(Unaudited)

| <u>Taxpayer</u> | <u>2024</u> | | | <u>2015</u> | | |
|-----------------------------|-------------------------------|-------------|---------------------------------------------------|-------------------------------|-------------|---------------------------------------------------|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| BEF Foods, Inc | \$ 52,102 | 1 | 3.86% | \$ 54,939 | 2 | 6.22% |
| Saputo Dairy Foods, Inc. | 51,494 | 2 | 3.81% | 29,394 | 3 | 3.33% |
| Ocean Spray Cranberries In | 28,633 | 3 | 2.11% | 18,834 | 6 | 2.13% |
| Flowserve US, Inc. | 22,616 | 4 | 1.67% | 25,859 | 4 | 2.93% |
| Wal-Mart Stores Inc. | 16,529 | 5 | 1.22% | 15,882 | 7 | 1.80% |
| Jeld-Wen Inc | 15,750 | 6 | 1.17% | 19,167 | 5 | 2.17% |
| Load Trail LLC | 14,312 | 7 | 1.06% | | | |
| D6 Inc | 14,236 | 8 | 1.05% | | | |
| CMH Manufacturing | 14,109 | 9 | 1.04% | 7,412 | 10 | 0.84% |
| GSC Enterprises Inc | 12,542 | 10 | 0.93% | 13,384 | 8 | 1.52% |
| Oncor Electric Delivery Co. | | | | 9,175 | 9 | 1.04% |
| PCI Manufacturing | | | | 55,464 | 1 | 6.28% |
| Totals | <u>\$ 242,323</u> | | <u>17.92%</u> | <u>\$ 249,510</u> | | <u>28.26%</u> |

Source: Hopkins County Central Appraisal District

CITY OF SULPHUR SPRINGS
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year Ended September 30 | Total Tax Levy for Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------------|--------------------------------------|-------------------------------------------------|--------------------|------------------------------------------|---------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2015 | 3,817,852 | 3,723,964 | 97.54% | 89,928 | 3,813,892 | 99.90% |
| 2016 | 3,872,322 | 3,805,387 | 98.27% | 60,915 | 3,866,302 | 99.84% |
| 2017 | 3,931,302 | 3,856,896 | 98.11% | 68,811 | 3,925,707 | 99.86% |
| 2018 | 4,033,699 | 3,963,234 | 98.25% | 62,759 | 4,025,993 | 99.81% |
| 2019 | 4,077,495 | 4,017,684 | 98.53% | 58,806 | 4,076,490 | 99.98% |
| 2020 | 4,304,124 | 4,254,150 | 98.84% | 40,041 | 4,294,191 | 99.77% |
| 2021 | 4,628,126 | 4,560,342 | 98.54% | 54,328 | 4,614,670 | 99.71% |
| 2022 | 5,081,083 | 4,991,161 | 98.23% | 64,950 | 5,056,111 | 99.51% |
| 2023 | 5,524,379 | 5,403,731 | 97.82% | 65,503 | 5,469,234 | 99.00% |
| 2024 | 5,943,083 | 5,829,223 | 98.08% | - | 5,829,223 | 98.08% |

Notes: (1) Includes general and debt service funds.

CITY OF SULPHUR SPRINGS
 Water and Sewer Revenues
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 (Unaudited)

| <u>Fiscal Year</u> | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|------------------------|--------------|--------------|--------------|
| 2015 | 5,173 | 3,853 | 9,026 |
| 2016 | 5,308 | 3,744 | 9,052 |
| 2017 | 5,307 | 3,947 | 9,254 |
| 2018 | 5,478 | 4,198 | 9,676 |
| 2019 | 5,223 | 4,220 | 9,443 |
| 2020 | 5,541 | 4,190 | 9,731 |
| 2021 | 5,525 | 4,207 | 9,732 |
| 2022 | 6,441 | 4,334 | 10,775 |
| 2023 | 6,793 | 4,664 | 11,457 |
| 2024 | 7,229 | 4,836 | 12,065 |

CITY OF SULPHUR SPRINGS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts Expressed in Thousands, Except per Capital Amount)
(Unaudited)

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | | Total Primary Government |
|-------------|-------------------------|--------------------------|-------|-------------------|------------------|--------------------------|--------------------------|--------------|-------------------|------------------|--------------------------|
| | Revenue Bonds | General Obligation Bonds | Notes | SBITA Liabilities | Operating Leases | Revenue Bonds | General Obligation Bonds | Bond Premium | SBITA Liabilities | Operating Leases | |
| 2015 | \$ - | \$ 17,490 | \$ - | \$ - | \$ - | \$ - | \$ 10,430 | \$ - | \$ - | \$ - | \$ 27,920 |
| 2016 | - | 15,954 | - | - | - | - | 9,426 | - | - | - | 25,380 |
| 2017 | - | 15,968 | - | - | - | 25,941 | 4,291 | 313 | - | - | 46,513 |
| 2018 | - | 14,797 | - | - | - | 24,934 | 3,499 | 297 | - | - | 43,527 |
| 2019 | - | 14,411 | - | - | - | 24,180 | 2,055 | 281 | - | - | 40,927 |
| 2020 | - | 15,256 | - | - | - | 23,115 | 1,925 | 266 | - | - | 40,562 |
| 2021 | 10,643 | 2,965 | 185 | - | - | 21,787 | 1,380 | 250 | - | - | 37,210 |
| 2022 | 9,553 | 2,665 | 160 | - | 686 | 18,297 | 2,935 | 592 | - | 264 | 35,152 |
| 2023 | 8,538 | 2,550 | 133 | - | 451 | 17,492 | 2,615 | 577 | - | 120 | 32,476 |
| 2024 | 10,355 | 2,430 | 104 | 35 | 571 | 25,600 | 2,285 | 857 | 112 | 376 | 42,725 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 109 for personal income and population data.

| <u>Percentage of Personal Income (1)</u> | <u>Per Capita (1)</u> |
|--------------------------------------------------|---------------------------|
| 8.91% | \$ 1,760 |
| 7.60% | 1,577 |
| 13.79% | 2,878 |
| 12.91% | 2,693 |
| 12.48% | 2,537 |
| 11.56% | 2,499 |
| 9.95% | 2,271 |
| 8.64% | 2,198 |
| 8.14% | 1,979 |
| 8.78% | 2,579 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 109 for personal income and population data.

CITY OF SULPHUR SPRINGS
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Amounts Expressed in Thousands, Except per Capital Amount)
(Unaudited)

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value ⁽¹⁾ of Property | Per Capita ⁽²⁾ |
|----------------|--------------------------------|----------------------------------------------------|--------|-------------------------------------------------------------------------------------|------------------------------|
| 2015 | 27,920 | 34 | 27,886 | 2.96% | 1,757 |
| 2016 | 46,200 | 49 | 46,151 | 4.79% | 2,867 |
| 2017 | 43,230 | 8 | 43,222 | 4.42% | 2,674 |
| 2018 | 40,646 | 11 | 40,635 | 4.05% | 2,514 |
| 2019 | 40,296 | 24 | 40,272 | 3.95% | 2,496 |
| 2020 | 36,960 | 24 | 36,936 | 3.48% | 2,275 |
| 2021 | 33,610 | 18 | 33,592 | 2.91% | 2,050 |
| 2022 | 34,992 | 17 | 34,975 | 2.56% | 2,187 |
| 2023 | 31,752 | 43 | 31,709 | 1.90% | 1,933 |
| 2024 | 41,748 | 21 | 41,727 | 2.37% | 2,519 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 97 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 109.

CITY OF SULPHUR SPRINGS
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2024
 (Amounts Expressed in Thousands)
 (Unaudited)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|-------------------------------------|-----------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Debt Repaid with Property Taxes | | | |
| Sulphur Springs I.S.D. | \$ 90,685 | 70.70% | \$ 64,114 |
| Hopkins County | 12,709 | 42.15% | 5,357 |
| Hopkins County Hospital District | - | 38.69% | - |
| Total Overlapping Debt | | | 69,471 |
| City of Sulphur Springs Direct Debt | | | 13,496 |
| Total Direct & Overlapping Debt | | | <u>\$ 82,967</u> |

Sources: Assessed value data used to estimate applicable percentages provided by the Hopkins County Central Appraisal District. Debt outstanding data provided by the governmental units.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sulphur Springs. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the governmental's boundaries and dividing it by the governmental unit's total taxable assessed value.

CITY OF SULPHUR SPRINGS
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)
 (Unaudited)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Debt Limit | \$ 68,567 | \$ 97,765 | \$ 100,248 | \$ 101,862 |
| Total Net Debt Applicable to Limit | <u>23,185</u> | <u>25,331</u> | <u>46,192</u> | <u>43,219</u> |
| Legal Debt Margin | <u>\$ 45,382</u> | <u>\$ 72,434</u> | <u>\$ 54,056</u> | <u>\$ 58,643</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 33.81% | 25.91% | 46.08% | 42.43% |

Note: Under state finance law, the City of Sulphur Springs' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| \$ 106,087 | \$ 106,087 | \$ 115,622 | \$ 136,416 | \$ 166,828 | \$ 175,950 |
| <u>40,622</u> | <u>40,272</u> | <u>33,432</u> | <u>34,975</u> | <u>31,710</u> | <u>41,727</u> |
| <u>\$ 65,465</u> | <u>\$ 65,815</u> | <u>\$ 82,190</u> | <u>\$ 101,441</u> | <u>\$ 135,118</u> | <u>\$ 134,223</u> |
| 38.29% | 37.96% | 28.91% | 25.64% | 19.01% | 23.72% |

Legal Debt Margin Calculation for Fiscal Year 2024

| | |
|-------------------------------------------------------------------|-------------------|
| Assessed Value | \$ 1,350,701 |
| Add Back: Exempt Real Property | 408,803 |
| Total Assessed Value | <u>1,759,504</u> |
| Debt Limit (10% of Total Assessed Value) | <u>175,950</u> |
| Debt Applicable to Limit: | |
| General Obligation Bonds | 41,748 |
| Less Amount Set Aside for Repayment of General Obligation Debt | (21) |
| Total Net Debt Applicable to Limit | <u>41,727</u> |
| Legal Debt Margin | <u>\$ 134,223</u> |

CITY OF SULPHUR SPRINGS
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(Unaudited)

| Fiscal Year | Water & Sewer Revenue Bonds | | | | | |
|-------------|-----------------------------|--------------------------|-----------------------|--------------|----------|----------|
| | Charges & Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2015 | 12,051 | 8,248 | 3,803 | 2,178 | 252 | 1.57 |
| 2016 | 12,334 | 9,406 | 2,928 | 1,003 | 294 | 2.26 |
| 2017 | 12,514 | 9,302 | 3,212 | 3,085 | 970 | 0.79 |
| 2018 | 13,344 | 9,496 | 3,848 | 1,799 | 542 | 1.64 |
| 2019 | 13,764 | 9,924 | 3,840 | 2,479 | 514 | 1.28 |
| 2020 | 14,059 | 9,900 | 4,159 | 1,810 | 474 | 1.82 |
| 2021 | 13,949 | 10,163 | 3,786 | 1,623 | 441 | 1.83 |
| 2022 | 15,727 | 10,663 | 5,064 | 1,158 | 380 | 3.29 |
| 2023 | 16,452 | 12,739 | 3,713 | 1,196 | 380 | 2.36 |
| 2024 | 17,600 | 14,018 | 3,582 | 1,314 | 349 | 2.15 |

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Charges and other includes investment earnings and intergovernmental. Operating expenses do not include depreciation.

CITY OF SULPHUR SPRINGS
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

| <u>Fiscal Year</u> | <u>(1) Population</u> | <u>Personal Income (Amts. Expressed in Thousands)</u> | <u>(1) Per Capita Personal Income</u> | <u>(1) Median Age</u> | <u>(2) Education Level in Years of Formal Schooling</u> | <u>(3) School Enrollment</u> | <u>(2) Unemployment Rate</u> |
|--------------------|---------------------------|-------------------------------------------------------------------|-------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| 2015 | 15,868 | 334,148 | 21,058 | 38 | 13.5 | 4,356 | 3.9% |
| 2016 | 16,098 | 337,188 | 20,946 | 38 | 13.5 | 4,415 | 3.7% |
| 2017 | 16,162 | 337,188 | 21,886 | 35 | 13.5 | 4,334 | 3.7% |
| 2018 | 16,162 | 327,846 | 21,886 | 35 | 13.5 | 4,393 | 3.5% |
| 2019 | 16,134 | 350,898 | 21,749 | 36 | 13.5 | 4,350 | 3.1% |
| 2020 | 16,234 | 373,999 | 23,038 | 36 | 13.5 | 4,350 | 4.6% |
| 2021 | 16,383 | 406,757 | 24,828 | 37 | 13.5 | 4,345 | 4.1% |
| 2022 | 15,995 | 399,027 | 24,947 | 37 | 13.5 | 4,350 | 3.1% |
| 2023 | 16,408 | 422,276 | 25,736 | 37 | 13.5 | 4,365 | 3.3% |
| 2024 | 16,564 | 486,518 | 29,372 | 39 | 13.5 | 4,088 | 3.3% |

Date Sources

- (1) Bureau of the Census
- (2) Texas Workforce Commission
- (3) Sulphur Springs I.S.D.

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CITY OF SULPHUR SPRINGS
Principal Employers
Current Year and Ten Years Ago
(Unaudited)

| <u>Employer</u> | <u>2024</u> | | | <u>2015</u> | | |
|-------------------------|------------------|-------------|--------------------------------------------|------------------|-------------|--------------------------------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Sulphur Springs ISD | 663 | 1 | 6.06% | 648 | 1 | 5.16% |
| Grocery Supply Company | 540 | 2 | 4.94% | 430 | 4 | 3.42% |
| Saputo Foods, Inc. | 540 | 3 | 4.94% | 325 | 5 | 2.59% |
| Hopkins County Hospital | 463 | 4 | 4.23% | 536 | 2 | 4.27% |
| Wal-Mart Stores, Inc. | 375 | 5 | 3.43% | 435 | 3 | 3.46% |
| CMH Manufacturing | 293 | 6 | 2.68% | 260 | 7 | 2.07% |
| Signature Solar | 257 | 7 | 2.35% | | | |
| Hopkins County | 252 | 8 | 2.30% | 180 | 9 | 1.43% |
| M&F Western Products | 198 | 9 | 1.81% | | | |
| City of Sulphur Springs | 183 | 10 | 1.67% | 170 | 10 | 1.35% |
| Flowserve Inc. | | | | 213 | 8 | 1.70% |
| Owen Sausage | | | | 262 | 6 | 2.09% |
| Total | <u>3,764</u> | | <u>34.41%</u> | <u>3,459</u> | | <u>27.54%</u> |

Source: Texas Workforce Commission

CITY OF SULPHUR SPRINGS
 Full-Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years
 (Unaudited)

| FUNCTION | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Government | 21 | 20 | 21 | 21 | 20 |
| Public Safety: | | | | | |
| Police: | | | | | |
| Officers | 29 | 29 | 28 | 28 | 28 |
| Civilians | 9 | 9 | 9 | 12 | 11 |
| Fire | 22 | 22 | 21 | 21 | 22 |
| Highways and Streets | 25 | 24 | 18 | 19 | 17 |
| Culture & Recreation: | | | | | |
| Parks and Recreation | 6 | 7 | 8 | 8 | 8 |
| Libraries | 5 | 4 | 4 | 4 | 6 |
| Water | 21 | 21 | 22 | 22 | 24 |
| Sewer | <u>9</u> | <u>9</u> | <u>9</u> | <u>8</u> | <u>8</u> |
| Total | <u><u>147</u></u> | <u><u>145</u></u> | <u><u>140</u></u> | <u><u>143</u></u> | <u><u>144</u></u> |

Source: Finance Department

| <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 16 | 18 | 17 | 16 | 17 |
| 28 | 28 | 29 | 29 | 29 |
| 13 | 10 | 10 | 10 | 11 |
| 22 | 22 | 22 | 22 | 22 |
| 18 | 12 | 17 | 17 | 17 |
| 12 | 12 | 10 | 11 | 8 |
| 6 | 4 | 4 | 4 | 4 |
| 24 | 26 | 25 | 24 | 26 |
| <u>8</u> | <u>9</u> | <u>9</u> | <u>9</u> | <u>8</u> |
| <u><u>147</u></u> | <u><u>141</u></u> | <u><u>143</u></u> | <u><u>142</u></u> | <u><u>142</u></u> |

CITY OF SULPHUR SPRINGS
 Operating Indicators by Function
 Last Ten Fiscal Years
 (Unaudited)

| FUNCTION | Fiscal Year | | | | |
|-----------------------------------------------------|-------------|---------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Police | | | | | |
| Physical Arrests | 944 | 893 | 743 | 912 | 952 |
| Accidents | 357 | 468 | 438 | 436 | 451 |
| Citations | 7,633 | 6,568 | 6,773 | 6,691 | 6,309 |
| Fire | | | | | |
| Number of Calls Answered | 1,455 | 1,505 | 1,561 | 2,204 | 2,305 |
| Inspections | 661 | 752 | 632 | 745 | 581 |
| Highways & Streets | | | | | |
| Street Reconstruction (miles) | 0.84 | 0.82 | 1.97 | 0.14 | 2.30 |
| Street Resurfacing (miles) | - | 3.44 | 0.86 | 1.60 | 1.52 |
| Sanitation | | | | | |
| Refuse Collected (yd3/year) | 118,966 | 118,487 | 124,287 | 118,827 | 132,695 |
| Water | | | | | |
| New Connections | 20 | 53 | 39 | 42 | 46 |
| Water Main Breaks | 220 | 135 | 127 | 133 | 121 |
| Average Daily Consumption (thousands of gallons) | 4,136 | 3,822 | 6,059 | 3,980 | 4,235 |
| Miles of Water Lines Replaced | 3.13 | 1.21 | 0.98 | 0.98 | 0.71 |
| Wastewater | | | | | |
| Average Daily Consumption (thousands of gallons) | 2,900 | 2,840 | 2,910 | 2,790 | 3,520 |
| Miles of Sewer Lines Replaced | 0.49 | 1.03 | 1.31 | 1.05 | 0.97 |

Sources: Various Government Departments

| 2020 | 2021 | 2022 | 2023 | 2024 |
|---------|---------|---------|---------|---------|
| 639 | 508 | 536 | 563 | 557 |
| 454 | 462 | 427 | 347 | 322 |
| 5,664 | 6,063 | 6,370 | 6,015 | 6,102 |
| 2,168 | 2,855 | 2,923 | 3,066 | 2,684 |
| 222 | 245 | 275 | 269 | 313 |
| 1.66 | 2.39 | 2.46 | 1.07 | 2.57 |
| 4.25 | 1.91 | 2.21 | 0.91 | 3.16 |
| 144,632 | 140,461 | 162,764 | 166,494 | 168,602 |
| 46 | 41 | 73 | 43 | 50 |
| 117 | 113 | 189 | 146 | 175 |
| 4,713 | 4,457 | 4,700 | 4,483 | 4,310 |
| 0.71 | 0.32 | 0.37 | 0.83 | 0.87 |
| 3,400 | 3,320 | 3,820 | 3,350 | 3,360 |
| 0.67 | 1.02 | 0.36 | 0.83 | 0.38 |

CITY OF SULPHUR SPRINGS
 Capital Asset Statistics by Function
 Last Ten Fiscal Years
 (Unaudited)

| | Fiscal Year | | | | |
|------------------------------------------------------------|-------------|--------|--------|--------|--------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| FUNCTION | | | | | |
| Public Safety | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 10 | 10 | 9 | 7 | 8 |
| Fire Stations | 2 | 2 | 2 | 2 | 2 |
| Highway & Streets | | | | | |
| Streets (miles) | 85 | 85 | 92 | 92 | 92 |
| Culture & Recreation | | | | | |
| Parks Acreage | 89 | 89 | 89 | 89 | 89 |
| Parks | 3 | 3 | 3 | 3 | 3 |
| Swimming Pools | - | - | - | - | - |
| Tennis Courts | 2 | 2 | 2 | 2 | 2 |
| Water | | | | | |
| Water Mains (miles) | 145 | 145 | 148 | 148 | 149 |
| Fire Hydrants | 875 | 875 | 943 | 943 | 943 |
| Maximum Daily Capacity (thousands of gallons) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Sewer | | | | | |
| Sanitary Sewers (miles) | 136 | 136 | 136 | 143 | 144 |
| Maximum Daily Treatment Capacity (thousands of gallons) | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 |

Sources: Various City Departments

Note: No capital asset indicators are available for the general government function

| 2020 | 2021 | 2022 | 2023 | 2024 |
|--------|--------|--------|--------|--------|
| 1 | 1 | 1 | 1 | 1 |
| 9 | 9 | 9 | 9 | 9 |
| 2 | 2 | 2 | 2 | 2 |
| 92 | 92 | 92 | 97 | 97 |
| 89 | 89 | 89 | 89 | 89 |
| 3 | 3 | 3 | 3 | 3 |
| - | - | - | - | - |
| 2 | 2 | 2 | 2 | 7 |
| 149 | 149 | 149 | 155 | 158 |
| 943 | 943 | 943 | 943 | 1,017 |
| 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 144 | 144 | 145 | 144 | 145 |
| 5,490 | 5,490 | 5,490 | 5,490 | 5,490 |