

ANNUAL FINANCIAL REPORT
OF THE
CITY OF MOUNT VERNON, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2023



**CITY OF MOUNT VERNON, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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INTRODUCTORY SECTION

City of Mount Vernon, Texas
City Council
For the Year Ended September 30, 2023

Brad Hyman	Mayor
Mark Huddleston	Mayor Pro-Tem
Rebecca Bailey	Council Member
Mary Keys	Council Member
Harold Cason	Council Member
Sherelyn Roberson	Council Member

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Mount Vernon, Texas
P.O. Box 597
Mount Vernon, Texas 75457

Opinions

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

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

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions.

Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Mount Vernon, Texas' 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mount Vernon, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement that basis 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Vernon, Texas' basic financial statements. The individual component unit financial statements are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual component unit financial statements 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 section but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

Respectfully Submitted,

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas

March 27, 2024

CITY OF MOUNT VERNON, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

As management of the City of Mount Vernon ("City"), 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, 2023. We encourage readers to read the information presented here in conjunction with additional information that has been provided in the City's financial statements, which follows this narrative.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$12,901,021 (net position). Of this amount \$8,403,030, or 65%, is net investment in capital assets. Net position restricted for specific purposes is \$982,487, or 8%. The remaining amount of \$3,515,504, or 27%, (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors in accordance with fund designation and fiscal policies.
- The City's total net position changed by \$853,845, or 7.09%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$3,065,517, an increase of \$972,198, or 46.4%. Approximately 67% of this total amount, or \$2,089,048, is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,089,048, or 67%, of total general fund expenditures.
- The City's total long-term debt decreased by (\$262,154), or (8%), during the current fiscal year.

Overview of the Financial Statements

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

**CITY OF WESTWORTH VILLAGE, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Basic Financial Statements

The first two statements (pages 16-19) within the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 20-26) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** on pages 27-47. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show details about the City's pension plan and budget on pages 50-53.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows 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 City'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 these statements 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 the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property and sales taxes, and state and federal grant funds, finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City. The final category is the component unit.

The government-wide financial statements are on pages 16-19 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

**CITY OF WESTWORTH VILLAGE, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what funds are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City’s programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near-term financing decisions. Both the governmental 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Permanent Fund. The Governmental Fund financial statements can be found on pages 20-23 of this report.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the modified accrual basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City has one type of proprietary fund which is the Water and Sewer Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-26 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 are on pages 27-47 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees.

**CITY OF MOUNT VERNON, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,293,839	\$ 3,070,151	\$ 1,587,964	\$ 2,426,122	\$ 4,881,803	\$ 5,496,273
Capital assets	2,509,863	2,701,065	8,852,705	8,409,394	11,362,568	11,110,459
Total assets	5,803,702	5,771,216	10,440,669	10,835,516	16,244,371	16,606,732
Deferred outflow of resources						
Deferred outflow-pension	484,642	111,854	167,270	48,594	651,912	160,448
Long-term liabilities	266,313	93,767	3,060,442	3,266,023	3,326,755	3,359,790
Current liabilities	201,906	660,812	158,275	150,711	360,181	811,523
Total liabilities	468,219	754,579	3,218,717	3,416,734	3,686,936	4,171,313
Deferred inflow of resources						
Deferred inflow-pension	227,201	383,103	81,125	165,587	308,326	548,690
Net position:						
Net investment in capital assets	2,509,863	2,701,065	5,893,167	5,789,856	8,403,030	8,490,921
Restricted	982,487	910,886	-	-	982,487	910,886
Unrestricted	2,100,574	1,133,437	1,414,930	1,511,933	3,515,504	2,645,370
Total net position	\$ 5,592,924	\$ 4,745,388	\$ 7,308,097	\$ 7,301,789	\$ 12,901,021	\$ 12,047,177

As noted earlier, net position may serve over time as one useful indicator of a City's financial condition. The net position of the City exceeded liabilities by \$12,901,021 as of September 30, 2023. The City's net position increased \$853,845, or 7.09%, excluding prior period adjustments, for the fiscal year ended September 30, 2023.

Net investment in capital assets:

The largest portion of the City's net position, \$8,403,030, or 65.1%, reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. 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 outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities.

Restricted net position:

The restricted net position of \$982,487, or 7.62%, of total net position represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position is comprised of state and contractually imposed restrictions which are \$564,565, or 57.5%, debt obligations, nonspendable endowment funds of \$280,016, or 28.5%, \$31,304, or 3.2%, restricted for court use, \$67,044 or 6.8% for hotel use and park funds \$31,878, or 3.2% and finally \$7,680 or .8% for the Home grant.

Unrestricted net position:

Unrestricted net position of \$3,515,504, or 27.1%, is available to fund City programs to citizens and debt obligations to creditors. The majority of unrestricted net position resides in the Business-type activities.

CITY OF MOUNT VERNON, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023

The City of Mount Vernon's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUE:						
Program Revenues:						
Charges for Services	\$ 771,797	\$ 640,668	\$ 1,756,095	\$ 1,714,869	\$ 2,527,892	\$ 2,355,537
Operating Grants and Contributions	996,050	40,000	-	-	996,050	40,000
Capital Grants and Contributions	470,511	154,837	-	170,000	470,511	324,837
General Revenues:						
Property Taxes	961,447	891,859	-	-	961,447	891,859
Sales Taxes	812,069	824,575	-	-	812,069	824,575
Franchise Taxes	149,685	148,647	-	-	149,685	148,647
Hotel/Motel Tax	53,956	51,832	-	-	53,956	51,832
Investment Income	35,872	16,578	27,448	18,606	63,320	35,184
Miscellaneous	290	59,546	16,363	923	16,653	60,469
Total Revenues	4,251,677	2,828,542	1,799,906	1,904,398	6,051,583	4,732,940
EXPENSES:						
Program Expenses:						
General Government	623,646	391,182	-	-	623,646	391,182
Public Safety	947,317	926,414	-	-	947,317	926,414
Public Services and Operations	169,251	165,095	-	-	169,251	165,095
Public Works	1,054,535	519,839	-	-	1,054,535	519,839
Parks and Recreation	36,129	55,568	-	-	36,129	55,568
Sanitation	392,607	377,307	-	-	392,607	377,307
Water and Sewer	-	-	1,974,254	1,697,006	1,974,254	1,697,006
Total Expenses	3,223,485	2,435,405	1,974,254	1,697,006	5,197,739	4,132,411
Increase in Net Position before Transfers	1,028,192	393,137	(174,348)	207,392	853,844	600,529
Other Revenues and Financing Sources (uses)						
Transfers	(180,656)	(149,876)	180,656	149,876	-	-
Total Other Financing Sources (uses)	(180,656)	(149,876)	180,656	149,876	-	-
Change in Net Position	847,536	243,261	6,308	357,268	853,844	600,529
Net Position, October 1	4,745,388	4,502,127	7,301,789	6,944,521	12,047,177	11,446,648
Net Position, September 30	\$ 5,592,924	\$ 4,745,388	\$ 7,308,097	\$ 7,301,789	\$12,901,021	\$12,047,177

**CITY OF MOUNT VERNON, TEXAS
MANAGEMENT AND DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Financial Analysis of the City's Funds

As noted earlier, the City of Mount Vernon 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 usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been granted authority to assign resources for a particular purpose for the City.

At September 30, 2023, the governmental funds of the City reported a combined fund balance of \$3,065,517, a 46.44% increase when compared to the prior year. The components of total fund balance are as follows:

- Nonspendable fund balance of \$280,016, or 9%, of total fund balance is a permanent endowment for the City cemetery.
- Restricted fund balance of \$696,453, or 23%, of total fund balance consists of the following:
 - requirements for debt obligations of \$558,547, or 80.%;
 - restrictions for court use of \$31,304, or 4.%;
 - restrictions for hotel tax use of \$67,044, or 10.%;
 - restrictions for HOME use of \$7,680, or 1.%;
 - restrictions for park use of \$31,878, or 5.%;that are not considered nonexpendable, restricted, or committed.
- Unassigned fund balance of \$2,089,048, or 68%, that is available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund was \$2,089,048, compared to \$1,268,573 at the end of the prior year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 67% of total expenditures.

It is the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 16.67% of expenditures. At the end of the current fiscal year, the City is in excess of this threshold by 50%.

General Fund Budgetary Highlights: During the fiscal year, the City did not revise the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$1,414,930.

**CITY OF MOUNT VERNON, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2023**

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, totals \$11,362,568 (net of accumulated depreciation). This investment in capital assets includes buildings, roads and bridges, land, machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 2.44%.

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

- Purchase of equipment.
- Completion of utility improvements.

**Capital Assets
As of September 30, 2023
(net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land & Improvements	\$ 174,582	\$ 174,582	\$ 118,127	\$ 118,127	\$ 292,709	\$ 292,709
Machinery & Equipment	406,826	400,742	4,416	463,439	411,242	864,181
Buildings & Improvements	-	-	-	-	-	-
Infrastructure	1,928,455	2,125,741	8,730,162	7,827,828	10,658,617	9,953,569
Construction in Progress	-	-	-	-	-	-
Total	\$ 2,509,863	\$ 2,701,065	\$ 8,852,705	\$ 8,409,394	\$ 11,362,568	\$ 11,110,459

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

Long-term Debt - As of September 30, 2023, the City had long-term debt outstanding of \$3,221,692. This debt is secured by property taxes and/or net revenues of the Water/Sewer Fund. The debt decreased by \$262,154, or (8%).

**Outstanding Debt
As of September 30, 2023**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of Obligation	\$ -	\$ -	\$ 2,959,538	\$ 3,221,692	\$ 2,959,538	\$ 3,221,692
Total	\$ -	\$ -	\$ 2,959,538	\$ 3,221,692	\$ 2,959,538	\$ 3,221,692

More detailed information about the City's long-term liabilities is presented in Note G to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following known factors were considered in preparing the City's operating budget for FY2023-2024:

- The adopted property tax rate for FY2023-2024 is \$0.545140 per \$100 valuation.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Mount Vernon, P O Box 597, Mount Vernon, Texas 75457.

BASIC FINANCIAL STATEMENTS

**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit EDC
ASSETS				
Cash and cash equivalents	\$ 1,890,640	\$ 1,300,232	\$ 3,190,872	\$ 822,690
Receivables (net of allowance for uncollectible)	227,364	144,947	372,311	67,138
Restricted assets:				
Cash and cash equivalents	1,175,835	142,785	1,318,620	-
Capital assets, not being depreciated:				
Land & improvements	174,582	118,127	292,709	-
Capital assets, net of accumulated depreciation:				
Infrastructure	1,928,455	8,730,162	10,658,617	-
Machinery & equipment	406,826	4,416	411,242	-
Total Assets	5,803,702	10,440,669	16,244,371	889,828
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow - pension	484,642	167,270	651,912	-
LIABILITIES				
Accounts payable	18,288	9,399	27,687	-
Customer deposits	-	142,785	142,785	-
Accrued interest payable	-	6,091	6,091	-
Deferred American Rescue Plan Act Funding	183,618	-	183,618	-
Noncurrent Liabilities:				
Due within one year:				
Compensated absences	33,933	16,174	50,107	-
Bonds payable - current	-	152,154	152,154	-
Due in more than one year:				
Net pension liability	193,063	66,228	259,291	-
OPEB Liability	39,317	18,502	57,819	-
Bonds payable	-	2,807,384	2,807,384	-
Total Liabilities	468,219	3,218,717	3,686,936	-
DEFERRED INFLOW OF RESOURCES				
Deferred inflow - pension	227,201	81,125	308,326	-
NET POSITION				
Net investment in capital assets	2,509,863	5,893,167	8,403,030	-
Restricted for:				
Debt	564,565	-	564,565	-
Permanent Fund:				
Nonespendable	280,016	-	280,016	-
HOME program	7,680	-	7,680	-
Court use	31,304	-	31,304	-
Hotel tax	67,044	-	67,044	-
Park	31,878	-	31,878	-
Unrestricted	2,100,574	1,414,930	3,515,504	889,828
Total Net Position	\$ 5,592,924	\$ 7,308,097	\$ 12,901,021	\$ 889,828

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



**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 623,644	\$ 52,590	\$ 996,050	\$ -
Public Safety	947,317	-	-	-
Public Services and Operations	169,251	45,112	-	-
Public Works	1,054,535	68,424	-	470,511
Parks and Recreation	36,129	30,746	-	-
Sanitation	392,607	574,925	-	-
Total Governmental Activities	3,223,483	771,797	996,050	470,511
Business-type Activities:				
Water and Sewer	1,974,255	1,756,095	-	-
Total Business-type Activities	1,974,255	1,756,095	-	-
Total Primary Government	5,197,738	2,527,892	996,050	470,511
Component Unit:				
Economic Development Corporation	1,113,829	-	-	-
Total Component Unit	\$ 1,113,829	\$ -	\$ -	\$ -

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Hotel Taxes
Investment Income
Miscellaneous
Transfers
Total General Revenues & Transfers
Change in Net Position
Net position - beginning
Net position - ending

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

**Net (Expense) Revenue and Changes in
Net Position**

Primary Government			Component Unit
Governmental Activities	Business Activities	Total	
\$ 424,996	\$ -	\$ 424,996	\$ -
(947,317)	-	(947,317)	-
(124,139)	-	(124,139)	-
(515,600)	-	(515,600)	-
(5,383)	-	(5,383)	-
182,318	-	182,318	-
<u>(985,125)</u>	<u>-</u>	<u>(985,125)</u>	<u>-</u>
-	(218,160)	(218,160)	-
-	(218,160)	(218,160)	-
<u>(985,125)</u>	<u>(218,160)</u>	<u>(1,203,285)</u>	<u>-</u>
-	-	-	(1,113,829)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,113,829)</u>
\$ 961,447	\$ -	\$ 961,447	\$ -
812,069	-	812,069	403,593
149,685	-	149,685	-
53,956	-	53,956	-
35,872	27,448	63,320	20,177
290	16,363	16,653	-
(180,656)	180,656	-	-
<u>1,832,663</u>	<u>224,467</u>	<u>2,057,130</u>	<u>423,770</u>
847,538	6,307	853,845	(690,059)
4,745,386	7,301,790	12,047,176	1,579,887
<u>\$ 5,592,924</u>	<u>\$ 7,308,097</u>	<u>\$ 12,901,021</u>	<u>\$ 889,828</u>

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

**CITY OF MOUNT VERNON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,890,640	\$ -	\$ -	\$ 1,890,640
Receivables (net of allowances for uncollectible)	221,345	6,019	-	227,364
Cash - Restricted	337,273	558,547	280,016	1,175,836
Total Assets	2,449,258	564,566	280,016	3,293,840
LIABILITIES				
Accounts payable	18,293	-	-	18,293
Accrued interest payable	-	-	-	-
Accrued expenses	-	-	-	-
Deferred American Family Rescue Act Funding	183,618	-	-	183,618
Other liabilities	-	-	-	-
Total Liabilities	201,911	-	-	201,911
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue-property taxes	20,393	6,019	-	26,412
Total Deferred Inflow of Resources	20,393	6,019	-	26,412
FUND BALANCES				
Nonspendable:				
Endowment	-	-	280,016	280,016
Restricted for:				
Debt	-	558,547	-	558,547
Court use	31,304	-	-	31,304
Hotel tax	67,044	-	-	67,044
HOME program	7,680	-	-	7,680
Park	31,878	-	-	31,878
Unassigned	2,089,048	-	-	2,089,048
Total Fund Balances	2,226,954	558,547	280,016	3,065,517
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 2,449,258	\$ 564,566	\$ 280,016	\$ 3,293,840

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

**CITY OF MOUNT VERNON, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet	\$ 3,065,517
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,371,524
Accumulated depreciation has not been included in the governmental fund financial statements.	(3,861,659)
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements.	257,441
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements	26,414
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(33,933)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(193,063)
OPEB liability is not due and payable in the current period and therefore, is not reported in the fund financial statements.	(39,317)
Net position of governmental activities - statement of net position	<u>\$ 5,592,924</u>

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

**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUE				
Property Taxes	\$ 771,744	\$ 190,120	\$ -	\$ 961,864
Sales Tax Collected	812,069	-	-	812,069
Franchise Taxes	149,685	-	-	149,685
Licenses and Permits	68,933	-	-	68,933
Fines and Forfeitures	44,602	-	-	44,602
Hotel Tax	53,956	-	-	53,956
Charge for Services	658,261	-	-	658,261
Grant Revenue	470,511	-	-	470,511
Intergovernmental Revenues	996,050	-	-	996,050
Investment Income	28,371	9,522	(2,021)	35,872
Miscellaneous	290	-	-	290
Total Revenues	4,054,472	199,642	(2,021)	4,252,093
EXPENDITURES				
Current:				
General Government	683,288	-	-	683,288
Public Safety	900,403	-	-	900,403
Public Services and Operations	167,054	-	-	167,054
Public Works	850,018	-	-	850,018
Parks and Recreation	19,329	-	-	19,329
Sanitation	392,607	-	-	392,607
Debt Service:				
Capital Outlay:				
Public Safety	12,895	-	-	12,895
Public Works	73,645	-	-	73,645
Total Expenditures	3,099,239	-	-	3,099,239
Excess (deficiency) of revenues over (under) expenditures	955,233	199,642	(2,021)	1,152,854
Other Revenues and Financing Sources (uses)				
Transfers	(18,675)	(161,981)	-	(180,656)
Total Other Financing Sources (uses)	(18,675)	(161,981)	-	(180,656)
Net Change in Fund Balances	936,558	37,661	(2,021)	972,198
Fund Balances, October 1	1,290,396	520,886	282,037	2,093,319
Fund Balances, September 30	\$ 2,226,954	\$ 558,547	\$ 280,016	\$ 3,065,517

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

**CITY OF MOUNT VERNON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ 972,198
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	86,540
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(277,742)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements	(414)
Current year changes in pension expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds.	55,742
Current year changes in OPEB expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds.	11,214
Change in net position of governmental activities - statement of activities	<u><u>\$ 847,538</u></u>

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

**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF FUNDS NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	<u>Water/Sewer Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,300,232
Receivables (net of allowances for uncollectible)	144,947
Restricted cash and cash equivalents	142,785
Total Current Assets	<u>1,587,964</u>
Noncurrent Assets:	
Capital Assets:	
Land	118,127
Machinery & equipment	187,748
Infrastructure	16,675,302
Less: accumulated depreciation	<u>(8,128,474)</u>
Total Capital Assets (net of accumulated depreciation)	8,852,703
Net pension asset	<u>(66,228)</u>
Total Noncurrent Assets	<u>8,786,475</u>
Total Assets	<u><u>10,374,439</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow - pension	<u>167,270</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	9,397
Payables from restricted funds:	
Customer deposits	142,785
Accrued interest payable	6,091
Bonds payable - current	<u>152,154</u>
Total Current Liabilities	<u>310,427</u>
Noncurrent Liabilities:	
OPEB Liability	18,502
Bonds payable	<u>2,807,384</u>
Total Non-Current Liabilities	<u>2,842,060</u>
Total Liabilities	<u>3,152,487</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflow - pension	<u>81,125</u>
 NET POSITION	
Net investment in capital assets	5,893,167
Unrestricted	<u>1,414,930</u>
Total Net Position	<u><u>\$ 7,308,097</u></u>

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

**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Water/Sewer Fund</u>
OPERATING REVENUES:	
Charges for services-water	\$ 826,467
Charges for services-sewer	693,387
Assessment fees	219,885
Tap fees	16,356
Miscellaneous income	16,363
Total Operating Revenues	<u>1,772,458</u>
OPERATING EXPENSES:	
Personnel costs	425,561
Supplies and materials	242,799
Maintenance and repair	576,547
Utility services	88,965
Water purchases	83,417
Depreciation	489,313
Total Operating Expenses	<u>1,906,602</u>
Operating Income (Loss)	<u>(134,144)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest expense	(67,653)
Investment income	27,448
Total Non-Operating Revenues (Expenses)	<u>(40,205)</u>
Income before capital contributions and transfers	(174,349)
Transfers	<u>180,656</u>
Change in Net Position	6,307
Net position - Beginning, October 1	7,301,790
Prior Period Adjustments	-
Net Position - Ending, September 30	<u>\$ 7,308,097</u>

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

**CITY OF MOUNT VERNON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Water/Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 1,761,584
Cash received from other sources	16,363
Cash paid to employees	(425,561)
Cash paid to suppliers	(989,007)
Net cash provided by (used for) operating activities	<u>363,379</u>
Cash Flows from Noncapital Financing Activities	
Transfers to/from other funds	180,656
Change in net pension liability	(22,165)
Net Cash Provided by Non-capital Financing Activities	<u>158,491</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(932,625)
Principal payments on debt obligations	(262,154)
Interest and fiscal charges on debt	(67,653)
Net cash provided by (used for) capital and related financing activities	<u>(1,262,432)</u>
Cash Flows from Investing Activities	
Interest income	27,448
Net cash provided by (used for) investing activities	<u>27,448</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(713,114)
Cash and Cash Equivalents at Beginning of Year	2,156,131
Cash and Cash Equivalents at End of Year	<u>\$ 1,443,017</u>
Reconciliation of operating income to net cash provided by (used for) operation activities	
Operating income (loss)	\$ (134,144)
Adjustment to reconcile operating income to net provided by operating activities:	
Depreciation	489,313
Change in Assets and Liabilities	
(Increase) Decrease in receivables	644
Increase (decrease) in accounts payable	(6,677)
Increase (decrease) in customer deposits	4,845
Increase (decrease) in other liabilities	9,398
Total Adjustments	<u>497,523</u>
Net cash provided by (used for) operating activities	<u>\$ 363,379</u>

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

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mount Vernon ("City") operates under a Council-Manager form of government with a City Council comprised of the Mayor & five Council Members. Some of the services provided are: public safety (police and fire protection), water distribution, and general administration.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the City are described below:

1. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units".

Under GASB Statement No. 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component unit has been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely presented component units. The City has one component unit, City of Mount Vernon Economic Development Corporation ("EDC"). The EDC was incorporated in 2010. The EDC is governed by a seven-member board appointed by and serving at the pleasure of the City Council. Thus, the EDC is legally separate, but due to the City appointing the voting majority of the EDC board, it is classified as a discretely presented component unit. The funding for EDC occurs by the City transferring 1/4 of sales tax collected by the City to the EDC. Adding the creation of the EDC to the resources currently available will more than double the current ability to assist economic development prospects. All of the EDC funding can be used for direct assistance to prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statement to be misleading or incomplete.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2. Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the City's statement of net position include both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resource measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted budget and final amended General Fund budget with actual results.

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the City for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. As required by GAAP, these financial statements present the City and its component unit, entities for which the City is considered to be financially accountable. The discretely presented component unit has been reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The basic financial statements include both government-wide (based on the City as a whole) and 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 unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, Parks, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

The net cost (by function) is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the funds financial statements. The major governmental funds are the general fund, debt service fund, and permanent fund. The major proprietary fund is the water and sewer fund. GASB Statement No. 34 set forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the City's water and wastewater 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.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level 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 when 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 and payable shortly after year end as required by GASB Interpretation No. 6.

Ad valorem, franchise, and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major governmental funds of the City:

The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid from taxes levied by the City.

The **Permanent Fund** is used to account for a memorial cash bequest to be used for maintenance of the City cemetery. Interest income earned each year is the only portion of this endowment that can be spent. The City issues a check to the cemetery board annually for the interest earned in the previous twelve months.

Proprietary funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

Proprietary funds are financed and operated in a manner similar to a private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or purposes. The following is a description of the proprietary funds of the City:

The **Water and Sewer Fund** account for the operations of the water and sanitary sewer utilities which are self-supporting activities rendering services on a user-charge basis.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

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

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Investments held by the City that have a remaining maturity of greater than one year from purchase are carried at fair value. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

b. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation.

Trade and property tax receivables are shown net of an allowance for uncollectible.

All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Non-recurring and non-routine transfers of equity between funds, for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds are accounted for as transfers.

c. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds represent cash and cash equivalents and investments set aside for specific capital additions, as well as various bond covenants. Restricted assets in the proprietary funds represent cash and cash equivalents and investments set aside for repayment of deposits to utility customers, specific capital additions, and various bond covenants.

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Customer deposits received for the water and wastewater service are, by law, to be considered restricted assets. These activities are included within the Water and Sewer Funds.

d. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest recorded for the current fiscal year.

Management elected not to retroactively report infrastructure assets within the scope of GASB Statement No. 34.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15 - 40
Buildings & Improvements	10 - 50
Machinery and Equipment	5 - 10

e. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, overtime not paid (comp time), personal days, and sick pay benefits. All vacation and comp time is accrued at the close of the fiscal year in the government-wide and proprietary fund financial statements. An employee's sick pay accrual does not begin until they have been employed with the City for ten years and a maximum of 480 hours is accrued.

f. Pensions

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2020. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred inflows/outflows of resources relating to pension expense, information about the fiduciary net position of the City's pension plan with TMRS and additions to, or deductions from, the plan's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

g. 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 are deferred and amortized over the life of the bonds using the straight-line method and netted with the long term obligations in the liabilities. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the year they are incurred in accordance with GASB Statement No. 65.

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 financial 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.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has one item that is reportable in the Government-wide Statement of Net Position: outflows from changes in net pension liability. This outflow of resources is also reported in the proprietary fund financial statements.

In addition to liabilities, the fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to that time. The City has only one type of deferred inflow of resources in the governmental fund financial statement. Deferred revenue from property taxes is deferred and recognized as an inflow of resources in the period that the amounts become available. There is one type of deferred inflow of resources in the Government-wide Statement of Net Position; inflows of changes in net pension liability. This inflow of resources is also reported in the proprietary fund financial statements.

i. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** - includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment.
- **Restricted fund balance** - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds.
- **Committed fund balance** - includes the portion of net resources for which the City Council has imposed limitations of use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. Commitments may be changed or lifted only by a resolution of the City Council. The resolution must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- **Assigned fund balance** - includes the portion of net resources for which an *intended* use has been established by the City Council, or the City Administrator authorized to do so by the City Council. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed, which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

**CITY OF MOUNT VERNON, TEXAS
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- **Unassigned fund balance** - includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

It is the desire of the City to maintain adequate general fund unassigned fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund unassigned fund balance of 16.67% of total General Fund expenditures. The City is currently in compliance with this policy.

j. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider the restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumption

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of the unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

l. Comparative Data/Reclassification

Comparative data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budget to actual. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

m. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consideration. Services provided, deemed to be market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges an appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position. The government did not have any Internal Balances at fiscal year end.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

o. Program Revenues

Certain revenues such as charges for services are included in program revenues.

p. Program Expenditures

Certain indirect costs such as administrative costs are included in the program expenditures reported for individual functional activities.

**CITY OF MOUNT VERNON, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	n/a

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	n/a

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of the General Fund on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the budget to actual revenues and expenditures as a management control during the year.

The following procedures are followed in establishing the budgetary data:

- No later than the first City Council meeting each August, the City Administrator submits to the City Council a proposed budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Administrator, shall be deemed to have been adopted by the City Council.
- According to the Local Government Code for General Law a city's total estimated expenditures of the General Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Administrator is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

C. CASH AND INVESTMENTS

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

Cash Deposits

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,717,929 and the bank balance was \$5,110,487. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The amount of deposits covered by collateralized securities was \$5,110,487. Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Statement of net position:

Primary Government

Cash and cash equivalents	\$ 3,190,872
Restricted assets - cash & cash equivalents	1,318,620
Total cash and cash equivalents	<u>\$ 4,509,492</u>

Governmental - Restricted cash

Municipal Court - technology, building security	\$ 31,304
Debt Service	558,547
Hotel	67,044
Endowment funds	280,016
Park	31,878
American Rescue Plan Act	199,367
HOME program	7,679
	<u>\$ 1,175,835</u>

Business-type - Restricted cash

Utility Deposits	142,785
Total Restricted Cash	<u>\$ 1,318,620</u>

Investments:

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the City to have an independent auditor perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Investment Accounting Policy

The investment program's foremost objective is the safety of principal by seeking to ensure the preservation of capital in the portfolio and to mitigate credit risk and interest rate risk.

The City has options for investments of City funds: certificates of deposits that are issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the laws of another state, or federal law, that has a main office in Texas and that is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount provided by law for deposits of the City.

Local government investment pools, which meet the requirement of Chapter 2256.016 of the Public Funds Investment Act, are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and seek to maintain a \$1.00 net asset value and are authorized by resolution of the City Council.

Investment in State Investment Pools

The City is a voluntary participant in LoneStar Investment Pool ("Lone Star"). Lone Star is a subsidiary of First Public, LLC. Lone Star limits investments only to those allowed by the Public Funds Investment Act. This type of investment pool uses amortized costs rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. The Texas Local Government Investment Pool is organized in conformity with the Interposal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an Advisory Board composed equally of participants in the Pool and other persons who do not have a business relationship with the Pool who are qualified to advise the Pool.

Disclosure relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. Currently, the City does not have any investments inherent to interest rate risk.

**CITY OF MOUNT VERNON, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2023**

As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Lone Star Investment Pool	<u>\$ 116,817</u>	120

Custodial Credit Risk

To control custody and safekeeping risk, state law and the City's adopted investment policy require collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian is required to provide original safekeeping of receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 100% and be executed under written agreements. Depository agreements are executed under agreements.

The City strives to minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment by limiting investment to the safest types of investments, pre-qualifying the financial institutions in which the City will do business, and diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

D. PROPERTY TAXES

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios.

The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The City's 2023 ad valorem tax rate of \$0.54656 is in compliance with the rate limitation.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

E. RECEIVABLES

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

	General	Proprietary	Debt Service	Total
Receivables				
Taxes	181,422	\$ -	\$ 9,557	\$ 190,979
Warrants	372,054	-	-	372,054
Fees and Charges	-	144,947	-	144,947
	<u>553,476</u>	<u>144,947</u>	<u>9,557</u>	<u>707,980</u>
Gross Receivables	553,476	144,947	9,557	707,980
Less: Allowance for Uncollectible	<u>(332,131)</u>	<u>-</u>	<u>(3,538)</u>	<u>(335,669)</u>
Total Net Receivables	<u>\$ 221,345</u>	<u>\$ 144,947</u>	<u>\$ 6,019</u>	<u>\$ 372,311</u>

F. CAPITAL ASSETS

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

	Beginning Balances	Additions	Transfers/ Decreases	Ending Balances
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 174,582	\$ -	\$ -	\$ 174,582
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>174,582</u>	<u>-</u>	<u>-</u>	<u>174,582</u>
Capital assets, being depreciated:				
Buildings and improvements	345,012	-	-	345,012
Infrastructure	4,115,885	-	-	4,115,885
Machinery & equipment	1,649,504	86,540	-	1,736,044
Total capital assets being depreciated	<u>6,110,401</u>	<u>86,540</u>	<u>-</u>	<u>6,196,941</u>
Less accumulated depreciation for:				
Buildings & improvements	(345,012)	-	-	(345,012)
Infrastructure	(1,990,144)	(197,286)	-	(2,187,430)
Machinery & equipment	(1,248,762)	(80,456)	-	(1,329,218)
Total accumulated depreciation	<u>(3,583,918)</u>	<u>(277,742)</u>	<u>-</u>	<u>(3,861,660)</u>
Total capital assets, being depreciated, net	<u>2,526,483</u>	<u>(191,202)</u>	<u>-</u>	<u>2,335,281</u>
Governmental activities capital assets, net	<u>\$ 2,701,065</u>	<u>\$ (191,202)</u>	<u>\$ -</u>	<u>\$ 2,509,863</u>

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Beginning Balances	Additions	Transfers/ Decreases	Ending Balances
Business-type Activities:				
Water/Sewer/Sanitation				
Capital assets, not being depreciated				
Land	\$ 118,127	\$ -	\$ -	\$ 118,127
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>118,127</u>	<u>-</u>	<u>-</u>	<u>118,127</u>
Capital assets, being depreciated:				
Infrastructure	15,742,678	932,624	-	16,675,302
Machinery & equipment	187,748	-	-	187,748
Total capital assets being depreciated	<u>15,930,426</u>	<u>932,624</u>	<u>-</u>	<u>16,863,050</u>
Less accumulated depreciation for:				
Infrastructure	(7,466,917)	(478,224)	-	(7,945,141)
Machinery & equipment	(172,242)	(11,089)	-	(183,331)
Total accumulated depreciation	<u>(7,639,159)</u>	<u>(489,313)</u>	<u>-</u>	<u>(8,128,472)</u>
Total capital assets, being depreciated, net	<u>8,291,267</u>	<u>443,311</u>	<u>-</u>	<u>8,734,578</u>
Business-type activities capital assets, net	<u>\$ 8,409,394</u>	<u>\$ 443,311</u>	<u>\$ -</u>	<u>\$ 8,852,705</u>

F. CAPITAL ASSETS (continued)

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

Governmental activities:	
General Government	\$ 7,313
Parks and Recreation	16,801
Public Safety	34,020
Public Works, including depreciation of general infrastructure assets	219,608
Total depreciation expense - governmental activity	<u>\$ 277,742</u>
Business-type activities:	
Water and Sewer	<u>\$ 489,313</u>

G. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2023 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Water & Sewer					
Bonds payable	\$ 370,000	\$ -	\$ (15,000)	355,000	\$ 15,000
Certificate of obligations	2,851,692	-	(247,154)	2,604,538	137,154
Total Debt Obligations	<u>3,221,692</u>	<u>-</u>	<u>(262,154)</u>	<u>2,959,538</u>	<u>152,154</u>
TOTAL	<u>\$ 3,221,692</u>	<u>\$ -</u>	<u>\$ (262,154)</u>	<u>\$ 2,959,538</u>	<u>\$ 152,154</u>

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Changes in Water Sewer Long-Term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts	Issued	Retired	Amounts	Due Within One Year
			Outstanding September 30, 2022			Outstanding September 30, 2023	
Series 2013	0.00% to 2.82%	\$ 525,000	\$ 370,000	\$ -	\$ (15,000)	\$ 355,000	\$ 15,000
Series 2021	2.00%	3,346,000	2,851,692	-	(247,154)	2,604,538	137,154
		<u>\$ 3,871,000</u>	<u>\$ 3,221,692</u>	<u>\$ -</u>	<u>\$ (262,154)</u>	<u>\$ 2,959,538</u>	<u>\$ 152,154</u>

Debt service requirements are as follows:

Year Ending September 30:	Total Requirements		
	Principal	Interest	
2024	\$ 152,154	\$ 62,657	\$ 214,811
2025	152,154	59,426	211,580
2026	152,154	56,323	208,477
2027	152,154	53,209	205,363
2028	152,154	50,199	202,353
2029 to 2033	770,770	203,185	973,955
2034 to 2038	785,770	121,419	907,189
2039 to 2042	642,228	37,825	680,053
Totals	<u>\$ 2,959,538</u>	<u>\$ 644,243</u>	<u>\$ 3,603,781</u>

The \$525,000 Combination Tax and Surplus Revenue Certification of Obligation, Series 2013 was issued for the purpose of wastewater infrastructure improvements. This debt has incremental interest rates of 0.00% - 2.82% over the life of the bond of 30 years. Debt obligations are to be paid from the collection of ad valorem taxes and net revenue of the water/sewer system.

The \$3,346,000 City of Mount Vernon, Texas, General Obligation Refunding Bonds, Series 2021 were issued September 1, 2021 for the purpose of refunding past debt obligations, and paying the costs of issuance associated with the issuance of the bonds. The debt has an interest rate of 2.00% over the life of the bonds.

H. COMPENSATED ABSENCES

Compensated absences represent the estimated liability for employees' accrued compensatory time and vacation leave which employees are entitled to be paid upon termination of employment if all requirements are met as stated in the personnel manual adopted by City Council. The retirement of this liability is typically paid from the General Fund and the Proprietary Funds based on the assignment of an employee at termination.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. PENSION PLAN

1. Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

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

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

Employees covered by benefit terms:

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

	Plan Year	
	2022	2021
Inactive employees or beneficiaries currently receiving benefits	14	14
Inactive employees entitled to but not yet receiving benefits	22	20
Active employees	22	22
Total	58	56

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.39% and 11.40% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$110,181 and were equal to the required contributions.

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

4. Net Pension Liability

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

Actuarial assumptions:

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are estimated using 2.75% per year representing the expected yearly increase in total payroll. Service retirees and beneficiary mortality rates used in calculating the actuarial liability and the retirement contribution rate are calculated using gender-distinct 2019 municipal retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 96.0%. Mortality rates for disabled retirees were calculated using mortality tables for healthy retirees with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment of younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of December 31, 2014 through December 31, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focus is on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
	<u>100.0%</u>	

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Discount Rate

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

Changes in the Net pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2021	\$ 4,281,221	\$ 4,694,809	\$ (413,588)
Changes for the year:			
Service cost	175,938	-	175,938
Interest (on the total pension liability)	289,893	-	289,893
Difference between expected and actual experience	53,614	-	53,614
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(148,950)	(148,950)	-
Contributions - employer	-	111,880	(111,880)
Contributions - employee	-	76,781	(76,781)
Net investment income	-	(342,668)	342,668
Administrative expense	-	(2,966)	2,966
Other	-	3,539	(3,539)
Net changes	370,495	(302,384)	672,879
Balance at December 31, 2022	\$ 4,651,716	\$ 4,392,425	\$ 259,291

Sensitivity of the net position 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%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
	\$ 986,467	\$ 259,291	\$ (328,902)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the City recognized pension expense of (\$116,963).

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 34,188	\$ 48,520
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	527,653	223,067
Contributions subsequent to the measurement date of December 31, 2022	78,329	-
	<u>\$ 640,170</u>	<u>\$ 271,587</u>

\$78,329 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources:	
December 31,	
2023	\$ (11,367)
2024	89,069
2025	80,641
2026	131,911
2027	-
Thereafter	-
Total	<u>\$ 290,254</u>

6. Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS, known as the Supplemental Death Benefits Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1, of any year, to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

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

Total OPEB Liability

The City of Mount Vernon's total OPEB liability of \$87,991 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate*	1.84%

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA index" rate as of December 31, 2021.

Mortality rates - service retirees:

2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates - disabled retirees:

2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Membership

Number of:	
-Inactive employees currently receiving benefits	8
-Inactive employees entitled to but not yet receiving benefits	4
-Active employees	<u>22</u>
Total	<u>34</u>

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	\$ 87,991
Changes for the year:	
Service costs	5,704
Interest on total OPEB liability	1,658
Changes in benefit terms	-
Differences between expected and actual experience	(8,637)
Changes in assumptions or other inputs	(27,471)
Benefit payments	<u>(1,426)</u>
Total OPEB Liability - end of year	<u>\$ 57,819</u>

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The following presents the Total OPEB Liability of the City of Mount Vernon, Texas, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00 percent) or 1-percentage-point higher (3.00%) than the current discount rate.

	1% Decrease (3.05%)	Current Discount (4.05)	1% Increase (5.05%)
Total OPEB Liability	\$ 68,392	\$ 57,819	\$ 49,392

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,899
Changes in assumptions and other inputs	-	4,436
Contributions made subsequent to measurement date	3,338	-
Total	<u>\$ 3,338</u>	<u>\$ 18,335</u>

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2023	\$ (8,348)
2024	(8,478)
2025	(7,217)
2026	(4,292)
2027	-
Thereafter	-
Total	<u>\$ (28,335)</u>

**CITY OF MOUNT VERNON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

J. HEALTH CARE COVERAGE

During the year ended September 30, 2023, employees of the City were covered by a health insurance plan with the Texas Municipal League (TML). The contract between the City and TML is renewable October 1 of each fiscal year and the terms of coverage and premium costs are included in the contractual provision. For the current fiscal year, the City paid premium costs of approximately \$700 for each eligible employee.

K. INSURANCE COVERAGE

In accordance with state statute, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims up to \$125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2020, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

L. RISK MANAGEMENT

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

M. LITIGATION

Currently, management is unaware of significant pending litigation against the City.

N. TRANSFERS

Transfers between funds during the year were as follows:

Business-type activities:	
Utility Fund	\$ 180,656
Total	<u>\$ 180,656</u>
Governmental activities:	
Debt Service Fund	\$ (161,981)
General Fund	\$ (18,675)
Equipment Fund	
Total	<u>\$ (180,656)</u>

O. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2023 up through March 27, 2024, the date the financial statements were available to be issued. Management noted no subsequent events requiring disclosure.

**CITY OF MOUNT VERNON, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Q. CITY OF MOUNT VERNON ECONOMIC DEVELOPMENT CORPORATION

In accordance with GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, the City of Mount Vernon Economic Development Corporation ("EDC") is a discretely presented component unit on the combined financial statements. The EDC is governed by a seven-member board appointed and serving at the pleasure of the City Council. The funding for EDC occurs by the City transferring 1/4 sales tax revenues collected by the City. The purpose for which the EDC is organized and may issue or incur bonds or other obligations on behalf of the City for the promotion and development of commercial, industrial and manufacturing enterprises, promotion and development and expansion of businesses enterprises, and to promote and encourage employment and public welfare.

2. Financial Statement Amounts

1. Stewardship, Compliance, and Accountability

a. Finance-related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Actions Taken</u>
None	n/a

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end, if any, along with remarks which address such deficits:

<u>Violation</u>	<u>Actions Taken</u>
None	n/a

a. Deposits and Investments

Cash and cash equivalents, as of September 30, 2023, consist of and are classified in the accompanying financial statements as follows:

Statement of net position - unrestricted cash	
Total - Cash and cash equivalents	<u>\$ 822,690</u>

All bank balances were covered by FDIC or by collateral held by a third-party custodian.

b. Receivables

Receivables as of fiscal year-end for the EDC were \$67,139, representing sales tax owed from the City. Receivables were collected after year-end; therefore, no allowance for uncollectible accounts have been recorded.

c. Litigation

Management is not aware of any pending or threatened litigation involving the EDC.

e. Subsequent Events

EDC has evaluated all events or transactions that occurred after September 30, 2023 up through March 27, 2024 the date the financial statements were available to be issued. During this period, management was unaware of any subsequent events requiring disclosure.



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MOUNT VERNON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**SCHEDULE OF CONTRIBUTIONS
LAST SEVEN FISCAL YEARS (UNAUDITED)**

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Actuarially determined contribution	\$ 109,526	\$ 108,364	\$ 112,729	\$ 110,180	\$ 110,180
Contributions in relation to the actuarially determined contribution	\$ 109,526	\$ 108,364	\$ 112,729	\$ 110,180	\$ 110,180
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,182,606	\$ 980,823	\$ 959,346	\$ 1,032,711	\$ 1,032,711
Contributions as a percentage of covered employee payroll	9.26%	11.05%	11.75%	10.67%	10.67%
	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Actuarially determined contribution	\$ 85,194	\$ 83,684	\$ 79,427	\$ 84,784	\$ 81,104
Contributions in relation to the actuarially determined contribution	\$ 85,194	\$ 83,684	\$ 79,427	\$ 84,784	\$ 81,104
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 836,054	\$ 821,236	\$ 779,460	\$ 786,496	\$ 785,890
Contributions as a percentage of covered employee payroll	10.19%	10.19%	10.19%	10.78%	10.32%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percentage of Payroll, Closed
 Remaining Amortization Period 20 Years (Longest Amortization Ladder)
 Asset Valuation Method 10 Year smoothed market; 12% soft corridor
 Inflation 2.50%
 Salary Increases 3.50% to 11.5%, including inflation
 Investment Rate of Return 6.75%
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

Mortality Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
 Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

See accompanying notes to these financial statements for more detail.

Note: Years will continue to be added until there are 10 years for comparison

CITY OF MOUNT VERNON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS-TMRS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability									
Service cost	\$ 175,938	\$ 165,957	\$ 151,193	\$ 154,676	\$ 141,782	\$ 132,180	\$ 129,920	\$ 116,217	\$ 113,670
Interest (on the Total Pension Liability)	289,893	279,767	274,716	256,315	237,944	227,715	210,593	204,478	201,079
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	53,614	(172,932)	(219,010)	6,886	23,886	(73,393)	56,078	19,697	(102,491)
Change of assumptions	-	-	-	12,549	-	-	-	2,474	-
Benefit payments, including refunds of employee contributions	(148,950)	(106,569)	(172,344)	(139,819)	(135,976)	(143,523)	(144,604)	(157,287)	(172,640)
Net Change in Total Pension Liability	370,495	166,223	34,555	290,607	267,636	142,979	251,987	185,579	39,618
Total Pension Liability - Beginning	4,281,221	4,114,998	4,080,443	3,789,836	3,522,200	3,379,221	3,127,234	2,941,655	2,902,037
Total Pension Liability - Ending	<u>\$ 4,651,716</u>	<u>\$ 4,281,221</u>	<u>\$ 4,114,998</u>	<u>\$ 4,080,443</u>	<u>\$ 3,789,836</u>	<u>\$ 3,522,200</u>	<u>\$ 3,379,221</u>	<u>\$ 3,127,234</u>	<u>\$ 2,941,655</u>
Plan Fiduciary Net Position									
Contribution - employer	\$ 111,880	\$ 117,626	\$ 109,365	\$ 109,951	\$ 107,602	\$ 95,477	\$ 83,684	\$ 84,025	\$ 81,167
Contribution - employee	76,781	72,290	67,154	68,658	63,296	58,524	57,487	54,562	55,055
Net investment income	(342,668)	531,901	287,643	502,527	(99,474)	403,187	184,500	4,054	150,714
Benefit payments, including refunds of employee contributions	(148,950)	(106,569)	(172,344)	(139,819)	(135,976)	(143,523)	(144,604)	(157,287)	(172,640)
Administrative expense	(2,966)	(2,462)	(1,863)	(2,842)	(1,922)	(2,089)	(2,084)	(2,469)	(1,574)
Other	3,539	17	(72)	(88)	(100)	(106)	(112)	(122)	(129)
Net Change in Plan Fiduciary Net Position *	(302,384)	612,803	289,883	538,387	(66,574)	411,470	178,871	(17,237)	112,593
Plan Fiduciary Net Position - Beginning	4,694,809	4,082,006	3,792,123	3,253,736	3,320,310	2,908,840	2,729,969	2,747,206	2,634,613
Plan Fiduciary Net Position - Ending	<u>\$ 4,392,425</u>	<u>\$ 4,694,809</u>	<u>\$ 4,082,006</u>	<u>\$ 3,792,123</u>	<u>\$ 3,253,736</u>	<u>\$ 3,320,310</u>	<u>\$ 2,908,840</u>	<u>\$ 2,729,969</u>	<u>\$ 2,747,206</u>
Net Pension Liability - Ending	<u>\$ 259,291</u>	<u>\$ (413,588)</u>	<u>\$ 32,992</u>	<u>\$ 288,320</u>	<u>\$ 536,100</u>	<u>\$ 201,890</u>	<u>\$ 470,381</u>	<u>\$ 397,265</u>	<u>\$ 194,449</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.43%	109.66%	99.20%	92.93%	85.85%	94.27%	86.08%	87.30%	93.39%
Covered employee payroll	\$ 1,096,869	\$ 1,032,711	\$ 959,346	\$ 980,823	\$ 904,223	\$ 836,054	\$ 821,236	\$ 779,460	\$ 786,496
Net Pension Liability as a percentage of covered employee payroll	23.64%	-40.05%	3.44%	29.40%	59.29%	24.15%	57.28%	50.97%	24.72%

*May be off due to rounding.

Note to City:

The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer/city will be required to build this schedule over the 10-year period; as such, the employer should retain the annual GASB packages to utilize in building this schedule.

See accompanying notes to these financial statements for more detail.

**CITY OF MOUNT VERNON, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB liability						
Service cost	\$ 5,704	\$ 6,403	\$ 4,509	\$ 3,335	\$ 3,436	\$ 2,843
Interest (on the Total OPEB Liability)	1,658	1,603	2,395	2,641	2,417	2,398
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(8,637)	1,883	(22,764)	(2,098)	(2,514)	-
Change of assumptions	(27,471)	2,658	9,937	12,414	(4,215)	4,829
Benefit payments, including refunds of employee contributions	(1,426)	(2,995)	(959)	(981)	(814)	(752)
Net Change in Total Pension Liability	(30,172)	9,552	(6,882)	15,311	(1,690)	9,318
Total OPEB Liability - Beginning	87,991	78,439	85,321	70,010	71,700	62,382
Total OPEB Liability - Ending	\$ 57,819	\$ 87,991	\$ 78,439	\$ 85,321	\$ 70,010	\$ 71,700
Covered employee payroll	\$ 1,096,869	\$ 1,032,711	\$ 959,356	\$ 980,823	\$ 904,223	\$ 904,223
Total OPEB Liability as a percentage of covered employee payroll	5.27%	8.52%	8.18%	8.70%	7.74%	7.93%

See accompanying notes to these financial statements for more detail.

Notes:

1. Years will continue to be added until there are 10 years for comparison
2. Membership counts for inactive employees receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non vested terminations due a refund, etc.)
3. Due to SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to employer's yearly contributions for retirees.

CITY OF MOUNT VERNON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 773,357	\$ 773,357	\$ 771,744	\$ (1,613)
Fines and forfeitures	36,900	36,900	44,602	7,702
Licenses and permits	39,000	39,000	68,933	29,933
Sales taxes collected	800,000	800,000	812,069	12,069
Franchise tax	157,000	157,000	149,685	(7,315)
Hotel tax	40,000	40,000	53,956	13,956
Charge for services	622,100	622,100	658,261	36,161
Grant revenues	-	-	470,511	470,511
Intergovernmental revenues-state and local	70,000	70,000	996,050	926,050
Investment income	9,110	9,110	28,371	19,261
Miscellaneous	2,900	2,900	290	(2,610)
Total Revenues	<u>2,550,367</u>	<u>2,550,367</u>	<u>4,054,472</u>	<u>1,504,105</u>
EXPENDITURES				
General government			671,486	(671,486)
Public safety			826,210	(826,210)
Public services and operations			167,054	(167,054)
Public works			510,940	(510,940)
Parks and recreation			19,329	(19,329)
Sanitation			392,607	(392,607)
Capital outlay:				
General government			11,802	(11,802)
Public safety			87,088	(87,088)
Public services and operations			-	-
Public works			412,723	(412,723)
Parks and recreation			-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,099,239</u>	<u>(3,099,239)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,550,367</u>	<u>2,550,367</u>	<u>955,233</u>	<u>(1,595,134)</u>
Other Revenues and Financing Sources (uses)				
Transfers	(70,800)	(70,800)	(18,675)	52,125
Sale of assets	-	-	-	-
Total Other Financing Sources (uses)	<u>(70,800)</u>	<u>(70,800)</u>	<u>(18,675)</u>	<u>52,125</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>2,479,567</u>	<u>2,479,567</u>	<u>936,558</u>	<u>(1,543,009)</u>
Fund Balances/Equity, October 1	1,290,396	1,290,396	1,290,396	
Prior Period Adjustment	-	-	-	
Fund Balances/Equity, September 30	<u>\$ 3,769,963</u>	<u>\$ 3,769,963</u>	<u>\$ 2,226,954</u>	

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



SUPPLEMENTARY INFORMATION

**CITY OF MOUNT VERNON, TEXAS
 BALANCE SHEET - COMPONENT UNIT
 ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2023**

	<u>EDC Fund</u>
ASSETS	
Cash and cash equivalents	\$ 822,690
Receivables (net of allowances for uncollectible)	<u>67,138</u>
Total Assets	<u><u>889,828</u></u>
Fund Balances	
Assigned	<u>889,828</u>
Total Fund Balances	<u><u>889,828</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 889,828</u></u>

**CITY OF MOUNT VERNON, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION-ECOMONIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds Balance Sheet \$ 889,828

Amounts reported for governmental activities in the Statement of Net Position
are different because:

No amounts to be reported

Net Position of Governmental Activities - Statement of Net Position \$ 889,828

**CITY OF MOUNT VERNON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - COMPONENT UNIT
 ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	EDC Fund
REVENUE	
Sales tax collected	\$ 403,593
Investment Income	20,177
Miscellaneous	-
Total Revenues	<u>423,770</u>
EXPENDITURES	
Current:	
Personnel costs	63,000
Promotion and advertising	25,867
Supplies and materials	1,889
Contractual services	8,724
Projects and incentives	1,012,349
Scholarships	2,000
Total Expenditures	<u>1,113,829</u>
Net Change in Fund Balances	(690,059)
Fund Balances, October 1	<u>1,579,887</u>
Fund Balances, September 30	<u><u>\$ 889,828</u></u>

**CITY OF MOUNT VERNON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES-ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ (690,059)
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ (690,059)</u></u>