

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

## **TABLE OF CONTENTS**

<b>Independent Auditor's Report</b>	<b>1-3</b>
<b>Management's Discussion and Analysis</b>	<b>4-9</b>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	10
Statement of Activities	11
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Fund	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	13-14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	15-16
Statement of Fund Net Assets - Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	18-19
Statement of Cash Flows - Proprietary Fund Type	20
<b>Notes to Financial Statements</b>	<b>21-35</b>
<b>Required Supplementary Information:</b>	
Schedule of Changes in Net Pension Liability and Related Ratios	36
Schedule of Employer Contributions	37

## TABLE OF CONTENTS

(Continued)

### **Other Supplementary Information:**

Statement of Revenues, Expenses, and Changes in Retained Earnings - Budget and Actual - Proprietary Fund Type	38-39
Combined Summary of Investments	40
Summary of 2022 and 2023 Tax Rolls	41
Analysis of Delinquent Taxes Receivable	42
Water and Sewer Fund Operations Data	43
Comprehensive Schedule of Insurance Coverage	44-45
Principal Officials	46

### **Compliance Section:**

Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-49
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**Independent Auditor's Report**

To the City Council  
City of West, Texas

**Report on the Audit of the Financial Statements**

***Opinion***

I have audited the accompanying financial statements of the governmental activities and the business-type activities of City of West, Texas (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the City as of September 30, 2023, and the changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate for my audit opinion.

***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 to error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 an opinion on the financial statements that comprise the City's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of 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 GAAS. In my opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2024 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Bill Sanders*

West, Texas  
February 6, 2024

**CITY OF WEST, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

Within this section of the City of West, Texas' (the City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the year ended September 30, 2023. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights:**

The City's assets exceeded its liabilities by \$25,185,795 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$25,390,953. The City's financial position declined slightly during the year.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt, of \$2,963,650 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net assets of \$20,275,108 are restricted by debt covenants imposed outside the City.
- (3) Unrestricted net assets of \$1,947,037 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental fund reported an ending fund balance of \$1,678,828 this year. This compares to the prior year ending fund balance of \$2,205,580 showing a decrease of \$526,752 during the current year, primarily due to large capital outlays.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The City also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, education, and culture and recreation. Business-type activities include water solid waste management, airports, ground transportation, and others.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. The general fund is the only governmental fund currently used by the City.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison statement for the general fund is included in the basic financial statements. This statement demonstrates compliance with the City's adopted budget.

*Proprietary funds* are reported in the fund financial statements and report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization, such as water utilities, sewer service, and solid waste management. The City does not currently use internal service funds.



## Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary financial and nonfinancial information following the notes to the financial statements.

### Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end is \$25,185,795. This is a \$204,758 decrease under last year's net position of \$25,390,553. The following table provides a summary of the City's net position at September 30:

#### Summary of Net Position

	Governmental Activities		Business-Type Activity	
	2023	2022	2023	2022
Current Assets	\$2,087,745	\$2,230,426	\$ 4,307,625	\$ 4,769,806
Note Receivable	-	-	1,094,104	1,125,316
Restricted Assets	-	-	20,275,108	1,324,476
Other Assets	-	204,537	-	87,658
Water Rights, Net	-	-	828,649	866,315
Capital Assets, Net	5,919,771	4,887,977	20,904,446	14,658,351
Total Assets	8,007,516	7,322,940	47,409,932	22,831,922
Deferred Outflow of Resources	195,804	57,448	71,798	32,200
Bonds Payable	-	-	24,671,672	2,950,000
Notes Payable	40,567	59,245	1,434,674	1,155,200
Other Liabilities	564,154	112,690	3,788,188	397,126
Total Liabilities	604,721	171,935	29,894,534	4,502,326
Deferred Inflow of Resources	-	57,448	-	32,200
Net Position:				
Invested in Capital Assets, Net of Related Debt	5,879,204	4,828,732	(2,915,554)	11,708,351
Restricted			20,275,108	1,324,476
Unrestricted	1,719,395	2,264,825	227,642	5,264,569
Total Net Position	<u>\$7,598,599</u>	<u>\$7,093,557</u>	<u>\$ 17,587,196</u>	<u>\$ 18,297,396</u>

The City reported an increase in net position for governmental activities of \$505,042 and a decrease in net position of its business-type activity of \$107,798, for an overall increase in net position of \$710,200 during fiscal 2023. The reasons for this substantial increase are discussed later in this section.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net position for the years ended September 30:

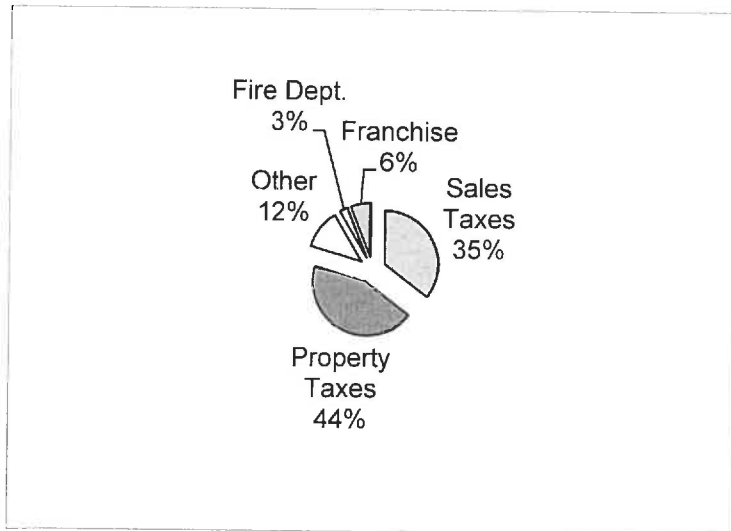
**Summary of Changes in Net Position**

	Governmental Activities		Business-Type Activity	
	2023	2022	2023	2022
Revenues:				
Program Revenues				
Charges for Services	\$ -	\$ -	\$ 1,553,049	\$ 1,575,792
Grants	-	408,284	78,205	27,020
General Revenues				
Sales Taxes	942,948	903,312	-	-
Property Taxes	1,176,651	1,023,831	245,000	245,000
Franchise Taxes	157,527	139,745	-	-
Fines	69,395	19,869	-	-
Other Taxes & Fees	206,187	180,499	-	-
Fire Department	69,341	76,470	-	-
Donations	1,052	-	-	-
Other	42,363	55,667	277,866	93,421
Total Revenues	2,665,464	2,807,677	2,154,120	1,941,233
Expenses:				
Payroll & Benefits	1,102,497	941,852	351,491	332,175
Utilities	109,630	105,783	147,015	129,532
Surface Water Purchased	-	-	268,949	253,048
Interest	2,507	-	548,274	148,913
Depreciation	375,086	325,472	787,833	737,829
Repairs & Maintenance	187,813	232,493	121,625	83,652
Insurance	39,801	42,038	47,586	44,370
Supplies	99,036	45,320	72,685	161,305
Gasoline	53,671	55,402	5,570	12,072
Community Subsidies	120,000	42,000	-	-
Fees	173,567	151,708	186,479	61,258
Fire Department	94,407	133,704	-	-
Grant Expenses	14,329	13,835	-	-
Other	65,827	69,489	49,064	53,752
Total Expenses	2,438,171	2,159,096	2,586,571	2,017,906
Change in Net Position Before Transfers	227,293	648,581	(432,451)	(76,673)
Transfers Between Funds	277,749	314,966	(277,749)	(314,966)
Prior Period Adjustment	-	380,371	-	-
Change in Net Position	505,042	1,343,918	(710,200)	(391,639)
Beginning Net Position	7,093,557	5,749,639	18,297,396	18,689,035
Ending Net Position	\$7,598,599	\$7,093,557	\$ 17,587,196	\$ 18,297,396

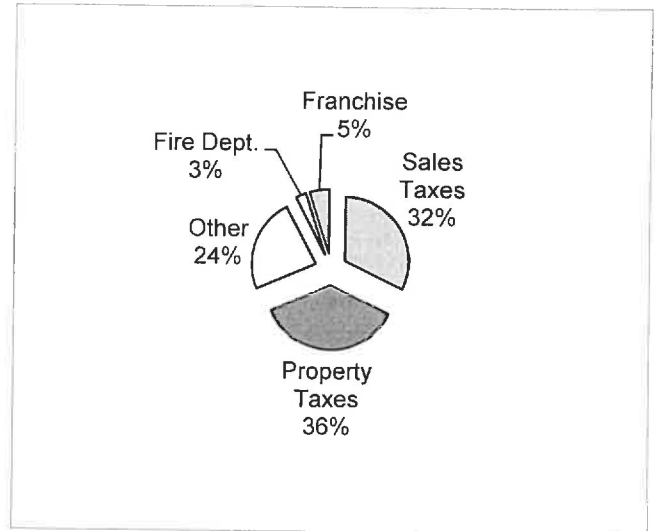
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal year 2023.

### Governmental Revenues

2023



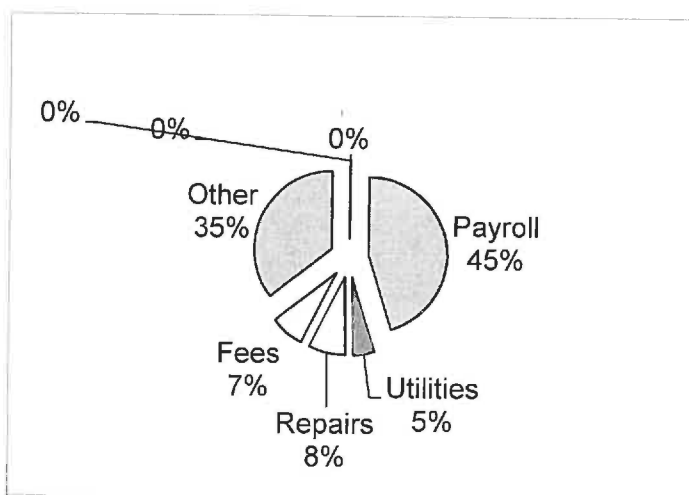
2022



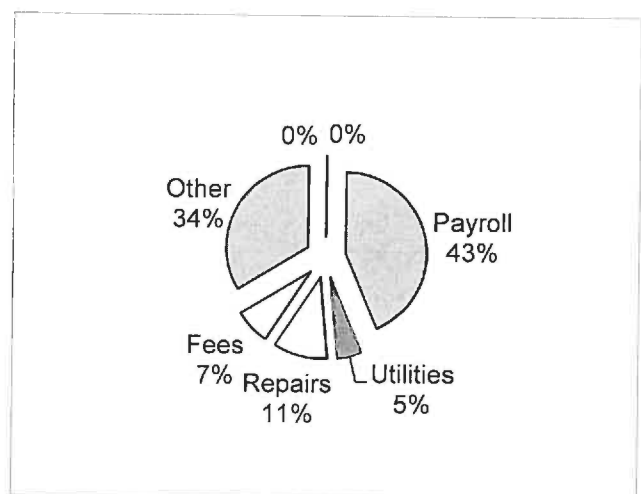
As graphically portrayed above, the City is heavily dependent on sales, property, and franchise taxes to support governmental operations. In both years, fire department generated a small amount of revenues through fundraising.

### Governmental Functional Expenses

2023



2022



This graph shows the costs of governmental activities for each of the past two years, with payroll accounting for almost half of the total in each year.

## **Financial Analysis of the City's Funds**

### ***Governmental Fund***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The governmental fund reported an ending fund balance of \$1,628,078, which is a decrease of \$526,752 under the prior year, due to large capital expenditures, especially for the street projects and the new police station.

The General Fund is the City's only governmental fund and source of day-to-day service delivery.

### ***Proprietary Fund***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The Water and Sewer Fund is the City's only proprietary fund currently in use, and experienced a \$710,200 deficit this year, primarily due to interest accrued on the new bond issue and transfers to the General Fund.

### **General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2023 was \$2,747,462 in revenues and \$2,234,333 in expenditures. This budget complied with financial policies approved by the City Council and maintained core City services.

### **Long-Term Debt**

At the end of the fiscal year, the City had total bonded debt outstanding of \$24,671,671. This amount is supported by pledged revenues generated by the business-type activities of the City. During the year, we paid off the 2012 Series bonds, and issued \$21,260,000 on a new 30-year bond series to finance a new wastewater treatment plant.

### **Long-Term Water Needs**

During fiscal 2005, the City entered into an agreement to sell the pipeline that we built in 2002 to the City of Waco, and simultaneously bought the rights to 1,000,000 gallons of water per day from Waco for the next forty years. No cash will actually trade hands in this agreement, as payments to Waco for water will be offset by payments to West for the pipeline. The City Council believes that this agreement will provide for West's long-term water needs at an economical price.

### **New Program**

During the fiscal year, the City joined the Qualified Incentive Payment Program (QIPP), a state-directed payment program for Texas nursing facilities serving residents enrolled in the STAR PLUS Medicaid managed care program. Providers earn payments by meeting participation and performance requirements across four components. The City is sponsoring West Rest Haven and St. Anthony's Care Center in Waco, and will earn money eventually, based on the performance of the care facilities.

### **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City at P.O. Box 97, West, Texas 76691.

**CITY OF WEST, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 970,458	\$ 625,027	\$ 1,595,485
Investments	304,132	3,422,578	3,726,710
Sales Taxes Receivable	167,750	-	167,750
Accounts Receivable	643,634	137,450	781,084
Delinquent Property Taxes Receivable, Net	1,771	-	1,771
Note Receivable	-	31,212	31,212
Inventory	-	91,358	91,358
Total Current Assets	<u>2,087,745</u>	<u>4,307,625</u>	<u>6,395,370</u>
Restricted Assets			
Cash in Banks		20,202,895	20,202,895
Investments		72,213	72,213
Note Receivable		1,094,104	1,094,104
Reserved Water Rights, net of Accum. Amortization		828,649	828,649
Capital Assets:			
Land	194,129	151,098	345,227
Other Assets, Net of Accumulated Depreciation	<u>5,725,642</u>	<u>20,753,348</u>	<u>26,478,990</u>
Total Assets	<u><u>\$ 8,007,516</u></u>	<u><u>\$ 47,409,932</u></u>	<u><u>\$ 55,417,448</u></u>
Deferred Outflows of Resources	195,804	71,798	267,602
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	\$ 449,947	\$ 3,552,729	\$ 4,002,676
Meter Deposits Payable		186,514	186,514
Notes Payable	19,469	88,043	107,512
Revenue Bonds Payable		<u>475,000</u>	<u>475,000</u>
Total Current Liabilities	469,416	4,302,286	4,771,702
Long-Term Liabilities			
Net Pension Liability	69,851	29,936	63,365
OPEB Payable	44,356	19,009	99,787
Notes Payable	21,098	1,346,631	1,367,729
Revenue Bonds Payable		23,345,000	23,345,000
Premium on Bonds Payable		<u>851,672</u>	<u>851,672</u>
Total Long-Term Liabilities	135,305	25,592,248	25,727,553
Total Liabilities	604,721	29,894,534	30,499,255
<b>NET POSITION</b>			
Invested in Capital Assets, net of Related Debt	5,879,204	(2,915,554)	2,963,650
Restricted		20,275,108	20,275,108
Unrestricted	<u>1,719,395</u>	<u>227,642</u>	<u>1,947,037</u>
Total Net Position	<u><u>7,598,599</u></u>	<u><u>17,587,196</u></u>	<u><u>25,185,795</u></u>

The accompanying notes are an integral part of this financial statement.

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

Functions/Programs	Governmental Activities	Business-Type Activity	Total
Governmental Activities:			
General Government	\$ 2,438,171	\$ -	\$ 2,438,171
Business-Type Activities:			
Water & Sewer	-	2,586,571	2,586,571
Program Revenues:			
Charges for Services	-	1,549,473	1,549,473
			-
Net (Expense) Revenue	(2,438,171)	(1,037,098)	(3,475,269)
General Revenues:			
Property Taxes	1,176,651	245,000	1,421,651
Sales Taxes	942,948	-	942,948
Franchise Taxes	157,527	-	157,527
Interest	19,250	277,866	297,116
Donations	1,052	78,205	79,257
Fire Department	69,341	-	69,341
Other	298,695	3,576	302,271
Total General Revenues	2,665,464	604,647	3,270,111
Transfers Between Funds	277,749	(277,749)	-
Change in Net Position	505,042	(710,200)	(205,158)
Beginning Net Position	7,093,557	18,297,396	25,390,953
Ending Net Position	<u>\$ 7,598,599</u>	<u>\$ 17,587,196</u>	<u>\$25,185,795</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF WEST, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**SEPTEMBER 30, 2023**

**ASSETS:**

Cash on Hand and in Banks	\$ 970,458
Investments	304,132
Sales Taxes Receivable	167,750
Other Accounts Receivable	643,634
Delinquent Property Taxes Receivable, Net	<u>1,771</u>
Total Assets	<u>\$2,087,745</u>
Deferred Outflow of Resources	195,804

**LIABILITIES AND FUND BALANCES:**

**LIABILITIES:**

Current Liabilities:

Accounts Payable	\$ 449,947
Note Payable	<u>19,469</u>
Total Current Liabilities	469,416

Long-Term Liabilities

Note Payable	21,098
Net Pension Liability	69,851
OPEB Payable	<u>44,356</u>
Total Long-Term Liabilities	<u>135,305</u>

Total Liabilities	604,721
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**FUND BALANCES:**

Unreserved	<u>1,678,828</u>
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Total Liabilities and Fund Balances	<u>\$2,283,549</u>
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**Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Assets:**

Fund Balance, Governmental Fund	\$1,678,828
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Amounts reported for *governmental activities* in the statement  
of net assets are different because:

Capital assets of \$9,498,693 less accumulated depreciation of (\$3,578,922) are not financial resources and, therefore, are not reported in the funds.	<u>5,919,771</u>
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Net Assets of Governmental Activities	<u>\$7,598,599</u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF WEST, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>General</u>
Revenues:	
General Property Taxes	\$ 1,176,651
Penalty & Interest	30,224
City Sales Tax	942,948
Alcohol Device Tax	3,341
Occupation Tax	157,527
Hotel Tax	135,345
Permits	36,877
Fines	69,395
Animal Control	-
Child Safety Fees	3,554
Fire Department Revenues	69,341
Rentals	4,500
Donations	1,052
Miscellaneous	15,459
Interest	<u>19,250</u>
 Total Revenues	 2,665,464
Expenditures:	
Salaries	871,881
Payroll Taxes	65,946
Benefits - Retirement	60,189
Benefits - Group Insurance	104,481
Utilities	83,643
Telephone	25,987
Office Supplies	2,328
Hotel Tax Disbursement	48,363
General Supplies	14,962
Postage	1,948
Street Supplies	992
Animal Control	7,084
Code Enforcement	3,550
Police Supplies	78,806
Repairs & Maintenance Buildings, Parks, Equipment	109,002
Repairs & Maintenance Street	78,811
Recycling	2,365
Criminal Justice Fees	10,254
Dues & Subscriptions	50,717
Election Expense	1,272
Legal & Professional	42,309
Travel & Training	14,012



	General
Public Works & Police Uniforms	20,565
Fire Department Expenses	94,407
Community Subsidies	120,000
Gasoline	42,347
Gasoline - Police	11,324
Gasoline - EMS	11,388
Miscellaneous	22,428
Capital Outlay	1,406,881
Insurance	39,801
Grant Expenses	14,329
Public Health District	7,593
Total Expenditures	3,469,965
Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Financing Uses	(804,501)
Other Financing Sources - Interfund Transfers	277,749
Excess (Deficit) of Revenues Over (Under) Expenditures	(526,752)
Fund Balance at Beginning of Year	2,205,580
Fund Balance at End of Year	\$ 1,678,828
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund to the Statement of Activities	
Net Change in Fund Balance - Governmental Fund	(526,752)
Amounts reported for <i>governmental activities</i> 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. This is the amount by which which capital outlay of \$1,406,881 exceeded depreciation of \$375,087 during the current period.	1,031,794
Change in net position of governmental activities	\$ 505,042

The accompanying notes are an integral part of this financial statement.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
General Property Taxes	\$ 1,036,112	\$ 1,176,651	\$ 140,539
Penalty & Interest	30,000	30,224	224
City Sales Taxes	925,000	942,948	17,948
Alcohol Device Taxes	5,000	3,341	(1,659)
Franchise Taxes	145,000	157,527	12,527
Hotel Taxes	150,000	135,345	(14,655)
Permits	20,000	36,877	16,877
Fines	18,000	69,395	51,395
Animal Control	150	-	(150)
Child Safety Fees	3,700	3,554	(146)
Fire Department Revenues	-	69,341	69,341
Rental Income	12,000	4,500	(7,500)
Grants	370,000	1,052	(368,948)
Miscellaneous	30,000	15,459	(14,541)
Interest	2,500	19,250	16,750
<b>Total Revenues</b>	<b>2,747,462</b>	<b>2,665,464</b>	<b>(81,998)</b>
Expenditures:			
Salaries	710,685	871,881	(161,196)
Payroll Taxes	54,367	65,946	(11,579)
Benefits - Retirement	48,367	60,189	(11,822)
Benefits - Group Insurance	130,000	104,481	25,519
Utilities	103,000	83,643	19,357
Telephone	25,000	25,987	(987)
Office Supplies	5,000	2,328	2,672
Hotel Tax Disbursement	50,000	48,363	1,637
General Supplies	20,000	14,962	5,038
Postage	2,000	1,948	52
Street Supplies	12,000	992	11,008
Animal Control	10,000	7,084	2,916
Code Enforcement	5,000	3,550	1,450
Police Supplies	50,000	78,806	(28,806)
Repairs & Maintenance	107,000	109,002	(2,002)
Repairs & Maintenance Street	95,000	78,811	16,189
Recycling	4,000	2,365	1,635
Criminal Justice Fees	10,000	10,254	(254)
Dues & Subscriptions	37,000	50,717	(13,717)
Election Expense	3,500	1,272	2,228

	Budget	Actual	Variance Favorable (Unfavorable)
Legal & Professional	35,000	42,309	(7,309)
Travel & Training	14,500	14,012	488
Public Works & Police Uniforms	12,000	20,565	(8,565)
Fire Department Expenses	35,000	94,407	(59,407)
Community Subsidies	143,000	120,000	23,000
Gasoline	40,000	42,347	(2,347)
Gasoline - Police	40,000	11,324	28,676
Gasoline - EMS	-	11,388	(11,388)
Miscellaneous	2,000	22,428	(20,428)
Capital Outlay	377,714	1,406,881	(1,029,167)
Insurance	45,000	39,801	5,199
Grant Expenses	200	14,329	(14,129)
Public Health District Fees	8,000	7,593	407
Total Expenditures	<u>2,234,333</u>	<u>3,469,965</u>	<u>(1,228,323)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	513,129	(804,501)	(1,317,630)
Interfund Transfers	<u>-</u>	<u>277,749</u>	<u>277,749</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	513,129	(526,752)	(1,039,881)
Fund Balance at Beginning of Year	<u>2,205,580</u>	<u>2,205,580</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 2,718,709</u></u>	<u><u>\$ 1,678,828</u></u>	<u><u>\$ (1,039,881)</u></u>

The accompanying notes are an integral part of this financial statement.

**CITY OF WEST, TEXAS**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUND**  
**SEPTEMBER 30, 2023**

	<u>Water &amp; Sewer Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash on Hand and in Banks	\$ 4,023,424
Investments	24,181
Accounts Receivable	137,450
Note Receivable	31,212
Inventory	91,358
Total Current Assets	<u>4,307,625</u>
Restricted Assets:	
Cash in Banks	20,071,193
Investments	203,915
Total Restricted Assets	<u>20,275,108</u>
Other Assets	
Note Receivable	1,094,104
Reserved Water Rights, net of Accumulated Amortization	828,649
Total Other Assets	<u>1,922,753</u>
Capital Assets:	
Land	151,098
Other Capital Assets, net of Accumulated Depreciation	20,753,348
Total Capital Assets	<u>20,904,446</u>
Total Assets	<u>\$47,409,932</u>
Deferred Outflow of Resources	71,798
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	\$ 3,552,729
Meter Deposits Payable	186,514
Notes Payable	88,043
Revenue Bonds Payable	475,000
Total Current Liabilities	<u>4,302,286</u>
Long-Term Liabilities:	
Net Pension Liability	29,936
OPEB Payable	19,009
Notes Payable	1,346,631
Revenue Bonds Payable	23,345,000
Premium on Bonds Payable	851,672
Total Long-Term Liabilities	<u>25,592,248</u>
Total Liabilities	29,894,534
<b>NET POSITION:</b>	
Invested in Capital Assets, Net of Related Debt	(2,915,554)
Restricted	20,275,108
Unrestricted	227,642
Total Net Position	<u>\$17,587,196</u>

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Water and Sewer</u>
Operating Revenues:	
Water Sales	\$ 1,089,256
Sewer Service	386,323
Water Tap Fees	3,900
Sewer Tap Fees	-
Late Charges	38,350
Property Taxes	245,000
Grants	78,205
Collection Fees	31,645
Miscellaneous	<u>3,575</u>
 Total Operating Revenues	 \$ 1,876,254
 Cost of Water Purchased	 <u>268,949</u>
 Gross Profit	 \$ 1,607,305
Operating Expenses:	
Salaries	264,194
Payroll Taxes	20,211
Retirement	25,795
Group Insurance	41,291
Utilities	130,232
Telephone	16,783
Office Supplies	1,324
Computer Supplies	-
General Supplies	28,689
Postage	6,386
Chlorine Supplies	36,286
Repairs & Maintenance	121,625
Dues & Subscriptions	20,667
Legal & Professional	35,534
Travel & Training	2,624
Public Works Uniforms	1,037
Laboratory Fees	12,554

	Water and Sewer
Gasoline	<u>5,570</u>
Miscellaneous	5,136
Insurance	47,586
Bad Debts	5,509
Interest	548,274
Bond Issuance Costs	114,816
Amortization	37,666
Depreciation	<u>787,833</u>
Total Operating Expenses	<u>2,317,622</u>
Operating Income (Loss)	\$ (710,317)
Nonoperating Revenues (Expenses)	
Interest Income	277,866
Interfund Transfers	<u>(277,749)</u>
Net Income (Loss)	(710,200)
Beginning Net Position	<u>18,297,396</u>
Ending Net Position	<u><u>\$ 17,587,196</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF WEST, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Water and Sewer</u>
Cash Flows From Operating Activities:	
Cash Receipts From Customers	\$ 1,562,067
Cash Receipts From Property Taxes	245,000
Cash Payments to Vendors	(707,527)
Cash Payments to Employees	(264,194)
Cash Payments for Interest	<u>(120,829)</u>
Net Cash Flows From Operating Activities	714,517
Cash Flows From Capital and Related Financing Activities:	
Revenue Bonds Issued	22,123,667
Proceeds of Note Payable	309,358
Receipt of Grant	78,205
Purchases of Capital Assets	(4,029,376)
Payment of Note	(29,885)
Payment of Revenue Bonds	<u>(390,000)</u>
Net Cash Flows From Capital and Related Financing Activities	18,061,969
Cash Flows Used By Noncapital Financing Activities:	
Interfund Transfers	(277,749)
Cash Flows From Investing Activities:	
Interest Income	<u>277,866</u>
Net Increase (Decrease) in Cash	18,776,603
Cash and Equivalents, Beginning of Year	<u>5,318,014</u>
Cash and Equivalents, End of Year	<u><u>\$24,094,617</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

1. Summary of Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, in conformity with generally accepted accounting principles, the City of West, Texas includes all funds, account groups, and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City.

Based on the foregoing criteria, the following component unit is included in the accompanying financial statements:

Volunteer Fire Department - The City owns the Department's assets, subsidizes their operations annually, is morally responsible to fund operating deficits, and controls their facilities.

The following related organizations are not component units of the City and are excluded from the accompanying financial statements:

Emergency Medical Services - The Service's expenses are financed entirely by outside sources, with the exception of the subsidy reported in the accompanying financial statements. The City is not involved in determining charges for services, funding operating deficits, or choosing its governing officials.

Community Library - The Library's expenses are financed entirely by outside sources, with the exception of some capital expenses reported in the accompanying financial statements. The City is not involved in determining charges for services, funding operating deficits, or choosing its governing officials or employees, but does insure the building, and would assume ownership of the building if the Library ceased operations.

Hospital Authority - The City appoints four of the Authority's ten directors, but meets none of the other criteria for inclusion in the City's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of net activities. These statements report financial information for the City as a whole. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed with fees charged to external customers.

Fund financial statements are provided for governmental and proprietary funds.



CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

C. Fund Accounting

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. The following fund types are used by the City.

(A) Governmental Fund Type:

Governmental Funds are those through which most governmental functions typically are financed.

1. General Fund

The General fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property, sales, franchise, and other local taxes.

(B) Proprietary Fund Type:

1. Water and Sewer Fund

The Water and Sewer Fund accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The operating statement of this fund presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

The modified accrual basis of accounting is used by governmental fund types. Under the modified accrual basis of accounting, revenues are when susceptible to accrual ( i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

The accrual basis of accounting is used by the proprietary fund type. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

E. Budgets and Budgetary Accounting

The City adopts annual budgets for the General Fund and the Water and Sewer Fund. The annual budget for the general fund is prepared on the modified accrual basis of accounting. The budget for the Water and Sewer Fund is prepared under a basis consistent with GAAP, except that depreciation is not considered, but capital expenses and liability reductions are considered.

F. Inventory of Parts and Supplies

Inventory of parts and supplies held for consumption are recorded at cost on a first-in, first-out basis in the Water and Sewer Fund.

G. Property Taxes

Property taxes attach as enforceable liens on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City's taxes are billed and collected by the McLennan County Tax Office. City property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectibility is improbable. At September 30, 2023, this allowance is \$62,929.

H. Property, Plant, Equipment, and Infrastructure

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their fund financial statements. Donated assets are stated at fair value on the date donated. The costs of

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

Structures	20-40 Years
Vehicles	3-5 Years
Fire Trucks	10 Years
Equipment	5-15 Years
Underground Pipes	35 Years
Streets	40 Years

I. Water Reservation Rights

In 2005, the City bought the rights to purchase surface water from the City of Waco through 2045. These rights are amortized using the straight-line method over forty years.

J. Statement of Cash Flows

For the purposes of the Statement of Cash Flows of the Water and Sewer Fund, the City considers all highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents.

K. Pension Coverage

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

2. Cash, Investments, and Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The *Public Funds Investment Act* and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The *Public Funds Investment Act* requires that a financial institution secure deposits made by state or

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

2. Cash, Investments, and Custodial Credit Risk (continued)

local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must at least equal the bank balances less the FDIC insurance at all times.

As of September 30, 2023, the City's deposits with financial institutions in excess of federal depository insurance limits were fully collateralized. The book balances of the City's deposits were \$21,862,946, of which \$500,000 were covered by FDIC insurance and \$21,362,946 were collateralized by United States Government and municipal securities with a market value of \$23,426,179 held by independent financial institutions.

All amounts reported under the caption "Investments" in the City's financial statements are investments in the Local Government Investment Cooperative (LOGIC), a public funds investment pool administered by FirstSouthwest and JPMorgan Chase. LOGIC was organized in conformity with the *Interlocal Cooperation Act*, Chapter 791 of the Texas Government Code and the *Public Funds Investment Act*, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools, and are considered Level 2 Investments.

For financial reporting purposes, LOGIC uses the fair value method to report its investments. Under the fair value method, fixed-income securities are valued each day by independent or affiliated commercial pricing services or third party broker-dealers. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services or broker-dealers also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining value and/or market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon rates, estimated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair values.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally-recognized statistical rating organization. At September 30, 2023, the City's investments in LOGIC totaled \$3,734,157, and were rated AAA by Standard & Poor's.

3. Components of Restricted Assets

Revenue Bond Sinking Fund	\$ 228,137
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The ordinances authorizing the 2021 tax and revenue refunding bonds require that the City establish a certificate fund for the purpose of paying principal and interest on these bonds.

Disaster Recovery Funds	\$ 20,046,971
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The State of Texas requires that the City only spend these funds for disaster recovery.

**CITY OF WEST, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(Continued)**

**4. Changes in Capital Assets**

The following is a summary of changes in capital assets used in governmental activities for the fiscal year:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023
Land (not depreciated)	\$194,129	\$ -	\$ -	\$194,129
Streets and Bridges	1,902,208	774,419		2,676,627
Buildings and Contents	1,721,318	451,311		2,172,629
City Parks	263,765	60,000		323,765
Community Center	611,991	28,638		640,629
Street Department Equipment	1,052,183	5,999		1,058,182
Fire Department Equipment	2,035,947	23,480		2,059,427
Police Department Equipment	444,804	63,034	134,533	373,305
Accumulated Depreciation	(3,338,368)	(375,087)	(134,533)	(3,578,922)
Net Capital Assets	<u>\$4,887,977</u>	<u>\$1,031,794</u>	<u>\$ -</u>	<u>\$5,919,771</u>

Depreciation recognized during the year was \$375,087. Construction in Progress at September 30, 2023 was \$678,542, and consisted of the Reagan-Marable-Davis street project.

The following is a summary of changes in proprietary fund capital assets for the fiscal year:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023
Water System	\$ 19,503,714	\$ 546,814	\$ -	\$ 20,050,528
Sewer System	1,511,746	17,427		1,529,173
Vehicles and Equipment	875,940			875,940
Buildings	2,367,269	6,469,687		8,836,956
Land (not depreciated)	151,098			151,098
Accumulated Depreciation	(9,751,416)	(787,833)		(10,539,249)
Net Capital Assets	<u>\$ 14,658,351</u>	<u>\$6,246,095</u>	<u>\$ -</u>	<u>\$20,904,446</u>

Depreciation recognized during the year was \$787,833. Construction in Progress at September 30, 2023 was \$6,924,387, and consisted of the wastewater treatment plant project.

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

5. Changes in Long-Term Debt

The following is a summary of debt transactions for the City for the year ended September 30, 2023:

<u>Description:</u>	<u>Balance September 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance September 30, 2023</u>
2012 Tax and Revenue Refunding Bonds, \$2,135,000 originally issued, with interest rate of 2.39%	330,000	-	330,000	-
Note Payable to City of Waco for purchase of water reservation rights, 4.35 % imputed interest rate	1,155,200	-	29,884	1,125,316
2015 Combination Tax and Revenue Certificates of Obligation, \$1,545,000 originally issued, with interest rates ranging from 3.25% to 5%	1,400,000	-	20,000	1,380,000
2021 Combination Tax and Revenue Certificates of Obligation, \$1,265,000 originally issued, with interest rates ranging from 2% to 3%	1,220,000	-	40,000	1,180,000
Note Payable to Kansas State Bank, \$21,186 payable annually, including 4.2% interest, maturing October 2024, secured by police vehicles	59,245	-	18,678	40,567
Note Payable to First Security State Bank, \$69,979 payable annually, including 4.25% interest, maturing October 2027, secured by equipmen	-	309,358	-	309,358
2023 Combination Tax and Revenue Certificates of Obligation, \$21,260,000 originally issued, with interest rates ranging from 4% to 6%	-	21,260,000	-	21,260,000
<b>Total</b>	<b><u>\$ 4,164,445</u></b>	<b><u>\$ 21,569,358</u></b>	<b><u>\$ 438,562</u></b>	<b><u>\$ 25,295,241</u></b>

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

5. Changes in Long-Term Debt (continued)

The annual debt requirements as of September 30, 2023, including principal and interest are as follows:

<u>Years Ending September 30</u>	<u>Amount</u>
2024	\$ 2,181,724
2025	1,609,976
2026	1,620,238
2027	1,624,495
2028	1,557,178
2029-33	7,822,442
2034-38	7,376,960
2039-43	7,083,694
2044-48	6,688,961
2049-53	<u>6,292,625</u>
Total Principal and Interest	43,858,293
Less Interest	<u>18,563,052</u>
Liability at September 30, 2023	<u><u>\$25,295,241</u></u>

6. Note Receivable

On September 20, 2005, the City sold a pump station and water transmission line to the City of Waco, to be paid to the City in installments of \$12,814 monthly for 18 years, and \$6,632 monthly for 22 years. Interest is imputed at 4.35% over the term of the agreement. During the first 18 years, payments of \$6,632 per month will be offset against those due to Waco for water reservation rights. For all 40 years, the payments of \$6,182 per month will be offset by the City's purchase of surface water from Waco.

7. Premium on Bonds Payable

The City received a "bid premium" on its 2023 Tax and Revenue Bond Series of \$863,667. This premium will be amortized over the life of the bonds (30 years) by reducing interest expense annually. Amortization recognized during the fiscal year was \$11,995.

8. Defined-Benefit Pension Plan

Plan Description

The City participates as one of 930 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 (the 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.

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

8. Defined-Benefit Pension Plan (continued)

Plan Description (continued)

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](http://www.tmrs.com).

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	10
Active Employees	<u>22</u>
Total	44
Covered Payroll	\$985,544

Contributions

Employees of the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rate for the City was 7% and totaled \$70,647 for the year, which equaled the required contributions.

Net Pension Liability (Asset)

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



CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(Continued)

8. Defined-Benefit Pension Plan (Continued)

Actuarial assumptions:

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

Inflation	2.5%	per year
Overall payroll growth	2.75%	per year
Investment Rate of Return	6.75%	net of pension plan investment expense, including inflation

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Real Return	12.0%	8.10%
Real Estate	12.0%	5.80%
Absolute Return	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

**CITY OF WEST, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(continued)**

8. Defined-Benefit Pension Plan (Continued)

Discount Rate

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

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance, December 31, 2021	\$ 2,749,770	\$ 3,041,965	\$ (292,195)
Changes for the year:			
Service Cost	99,836		99,836
Interest	181,841		181,841
Change of Benefit Terms	-		-
Differences Between Expected and Actual	4,732		4,732
Changes in Assumptions	-		-
Benefit Payments	(211,485)		(211,485)
Contributions - Employer		66,329	(66,329)
Contributions - Employee		49,277	(49,277)
Net Investment Income		(221,551)	221,551
Benefit Payments		(211,485)	211,485
Administrative Expense		(1,922)	1,922
Other		2,294	(2,294)
Balances, December 31, 2022	<u>\$ 2,824,694</u>	<u>\$ 2,724,907</u>	<u>\$ 99,787</u>

Sensitivity Analysis:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
Net Pension Liability (Asset)	<u>\$ 458,994</u>	<u>\$ 99,787</u>	<u>\$ (199,693)</u>

**CITY OF WEST, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

8. Defined-Benefit Pension Plan (Continued)

Pension Expense:

Service Cost	\$ 99,836
Interest on Total Pension Liability	181,841
Changes in Current Period Benefits	-
Employee Contributions	(49,277)
Projected Earnings on Plan Investments	(205,333)
Administrative Expense	1,922
Other Changes in Fiduciary Net Position	(2,293)
Recognition of Current Year Outflow (Inflow) of Liabilities	1,262
Recognition of Current Year Outflow (Inflow) of Assets	85,377
Amortization of Prior Year Outflows (Inflows) of Liabilities	3,041
Amortization of Prior Year Outflows (Inflows) of Assets	(31,741)
Total Pension Expense	<u>\$ 84,635</u>

Schedule of Deferred Inflows/Outflows of Resources:

	Total (Inflow) or Outflow of Resources	Current Pension Expense	Deferred (Inflow)/Outflow of Resources
Difference in Expected and Actual Experience	\$ 4,732	\$ 1,262	\$ 3,470
Difference in Changes in Assumptions	-	-	-
Difference in Projected and Actual Earnings	426,884	85,377	341,507
Totals	<u>\$ 431,616</u>	<u>\$ 86,639</u>	<u>\$ 344,977</u>

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ending December 31:

2023	\$ (2,037)
2024	42,086
2025	51,779
2026	85,376
thereafter	-
Total	<u>\$ 177,204</u>

9. Postemployment Benefits Other Than Pensions (OPEB)

TMRS also administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Plan (SDBP). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment

**CITY OF WEST, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(continued)**

9. Postemployment Benefits Other Than Pensions (OPEB) (continued)

approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF program is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member 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 prefund retiree term life insurance during employees' entire careers.

As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees	20
Total	32

Total OPEB Liability

The City's total OPEB liability of \$63,365 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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:

Inflation	2.50%
Salary increases	3.5% to 11.5%
Discount rate	4.05%
Retirees' share of benefit-related costs	-
Administrative expenses	Paid through the Pension Trust
Mortality rates	2019 Municipal Retirees of Texas Mortality Tables projected on a fully generational basis with Scale UMP

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

CITY OF WEST, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023  
(continued)

9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Changes in the Total OPEB Liability:

Balance, December 31, 2021	\$ 82,759
Changes for the year	
Service Cost	4,534
Interest on Total OPEB Liability	1,549
Changes of benefit terms	-
Differences between expected and actual experience	1,599
Changes in assumptions or other inputs	(25,401)
Benefit payments	(1,675)
Net changes	(19,394)
Balance, December 31, 2022	\$ 63,365
Covered Payroll	\$ 985,544
Total OPEB Liability as a Percentage of Covered Payroll	6.43%

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

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
Total OPEB Liability	\$ 73,412	\$ 63,365	\$ 55,192

OPEB Expense:

Service cost	\$ 4,534
Interest on total OPEB liability	1,549
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflow/inflows of resources:	
Differences between expected and actual experience	(3,588)
Changes in assumptions or other inputs	(1,146)
Total OPEB Expense	\$ 1,349

**CITY OF WEST, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(continued)**

9. Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Schedule of Outflows and Inflows - Current and Future Expense

<u>Due to Liabilities:</u>	<u>Recognition Period</u>	<u>Total (Inflow) or Outflow of Resources</u>	<u>Current OPEB Expense</u>	<u>Deferred (Inflow) Outflow</u>
Difference in expected and actual experience	5.25	\$ 1,599	\$ 305	\$ 1,294
Change in assumptions	5.25	(25,401)	(4,839)	(20,562)
Total		<u>\$ (23,802)</u>	<u>\$ (4,534)</u>	<u>\$ (19,268)</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future OPEB expense:

	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2023	\$ (4,219)
2024	(2,991)
2025	(4,699)
2026	(4,911)
2027	(1,132)
thereafter	<u>-</u>
Total	<u>\$ (17,952)</u>

10. Related Party Transaction

During the year ended September 30, 2023, the City paid \$41,381 to an alderman for services rendered in connection with the construction of the new police station.

11. Commitments and Contingencies

As of September 30, 2023, the City was committed to spend an additional \$2,309,071 on the Reagan Marable-David Street project, and an additional \$14,177,569 on the Wastewater Treatment Plant Project.

## **SUPPLEMENTARY INFORMATION**

**CITY OF WEST, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Years Ended December 31

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service cost	\$ 55,054	\$ 63,110	\$ 64,922	\$ 68,922	\$ 70,280	\$ 99,140	\$ 98,580	\$ 92,078	\$ 99,836	N/A
Interest on total pension liability	120,256	122,362	124,630	129,475	131,894	158,400	171,152	177,018	181,841	N/A
Change in benefit terms						295,891				
Difference between expected and actual experience	(22,037)	(17,950)	(11,966)	(50,179)	1,214	43,171	(29,432)	(16,885)	4,732	N/A
Changes in assumptions	-	36,430	-			17,374				
Benefit payments/refunds of contributions	(157,620)	(96,790)	(116,255)	(99,358)	(126,758)	(115,300)	(142,482)	(157,792)	(211,485)	N/A
Net change in total pension liability	(4,347)	107,162	61,331	48,860	76,630	498,676	97,818	94,419	74,924	N/A
<b>Total pension liability, beginning</b>	<u>1,769,221</u>	<u>1,764,874</u>	<u>\$ 1,872,036</u>	<u>\$ 1,933,367</u>	<u>\$ 1,982,227</u>	<u>\$ 2,058,857</u>	<u>\$ 2,557,533</u>	<u>\$ 2,655,351</u>	<u>\$ 2,749,770</u>	<u>N/A</u>
<b>Total pension liability ending</b>	<u>\$ 1,764,874</u>	<u>\$ 1,872,036</u>	<u>\$ 1,933,367</u>	<u>\$ 1,982,227</u>	<u>\$ 2,058,857</u>	<u>\$ 2,557,533</u>	<u>\$ 2,655,351</u>	<u>\$ 2,749,770</u>	<u>\$ 2,824,694</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 51,278	\$ 51,722	\$ 43,263	\$ 30,397	\$ 55,503	\$ 42,578	\$ 65,687	\$ 60,842	\$ 66,329	N/A
Employee contributions	37,700	37,655	38,325	40,165	40,860	48,885	48,371	45,270	49,277	N/A
Net Investment income	112,128	2,954	134,866	290,246	(70,507)	347,472	194,927	356,353	(221,551)	N/A
Benefit payments/refunds of contributions	(157,620)	(96,790)	(116,255)	(99,358)	(126,758)	(115,300)	(142,482)	(157,792)	(211,485)	N/A
Administrative expenses	(1,171)	(1,800)	(1,523)	(1,504)	(1,363)	(1,967)	(1,264)	(1,652)	(1,922)	N/A
Other	(96)	(88)	(82)	(76)	(71)	(59)	(50)	10	2,294	N/A
Net change in fiduciary net position	42,219	(6,347)	98,594	259,870	(102,336)	321,609	165,189	303,031	(317,058)	N/A
<b>Fiduciary net position, beginning</b>	<u>1,960,136</u>	<u>2,002,355</u>	<u>\$ 1,996,008</u>	<u>\$ 2,094,602</u>	<u>\$ 2,354,472</u>	<u>\$ 2,252,136</u>	<u>\$ 2,573,745</u>	<u>\$ 2,738,934</u>	<u>\$ 3,041,965</u>	<u>N/A</u>
<b>Fiduciary net position, ending</b>	<u>\$ 2,002,355</u>	<u>\$ 1,996,008</u>	<u>\$ 2,094,602</u>	<u>\$ 2,354,472</u>	<u>\$ 2,252,136</u>	<u>\$ 2,573,745</u>	<u>\$ 2,738,934</u>	<u>\$ 3,041,965</u>	<u>\$ 2,724,907</u>	<u>N/A</u>
<b>Net pension liability / (asset), ending</b>	<u>\$ (237,481)</u>	<u>\$ (123,972)</u>	<u>\$ (161,235)</u>	<u>\$ (372,245)</u>	<u>\$ (193,279)</u>	<u>\$ (16,212)</u>	<u>\$ (83,583)</u>	<u>\$ (292,195)</u>	<u>\$ 99,787</u>	<u>N/A</u>
<b>Fiduciary net position as a % of total pension liability</b>	113.46%	106.62%	108.34%	118.78%	109.39%	100.63%	103.15%	110.63%	96.47%	N/A
<b>Pensionable covered payroll</b>	\$ 754,008	\$ 753,107	\$ 766,496	\$ 803,292	\$ 817,208	\$ 977,708	\$ 967,416	\$ 905,393	\$ 985,544	N/A
<b>Net pension liability as a % of covered payroll</b>	-31.50%	-16.46%	-21.04%	-46.34%	-23.65%	-1.66%	-8.64%	-32.27%	10.13%	N/A



**CITY OF WEST, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)**

<u>Year Ended September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	Not Available	\$ 52,499	Not Available	\$ 748,085	7.02%
2016	Not Available	54,696	Not Available	781,373	7.00%
2017	Not Available	24,225	Not Available	807,481	3.00%
2018	Not Available	56,175	Not Available	802,505	7.00%
2019	Not Available	50,608	Not Available	957,306	5.29%
2020	Not Available	58,810	Not Available	936,012	6.28%
2021	Not Available	65,280	Not Available	932,577	7.00%
2022	Not Available	66,290	Not Available	905,393	7.32%
2023	Not Available	Not Available	Not Available		Not Available
2024	Not Available	Not Available	Not Available	Not Available	Not Available

**Notes to Schedule of Contributions**

**Valuation Date:** Actuarially determined contributions 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	25 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Different tables used for post-retirement and pre-retirement, both with rates projected on a fully generational basis with scale UMP.

**Other Information:**

- Notes**
1. Granted 70% ad hoc COLA.
  2. Increased municipal matching rate from 1.5 - 1 to 2 - 1.
  3. Increased statutory max to 11.50% due to plan changes.

**CITY OF WEST, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED**  
**EARNINGS - BUDGET AND ACTUAL - PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Water and Sewer		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Water Sales	\$ 1,250,000	\$ 1,089,256	\$ (160,744)
Sewer Service	430,000	386,323	(43,677)
Water Tap Fees	15,000	3,900	(11,100)
Sewer Tap Fees	10,000	-	(10,000)
Late Charges	15,000	38,350	23,350
Property Taxes	245,000	245,000	-
Grants	-	78,205	78,205
Collection Fees	20,000	31,645	11,645
Miscellaneous	8,500	3,575	(4,925)
Total Operating Revenues	1,993,500	1,876,254	(117,246)
Cost of Water Purchased	150,000	268,949	(118,949)
Gross Profit	1,843,500	1,607,305	(236,195)
Operating Expenses:			
Salaries	306,947	264,194	42,753
Payroll Taxes	20,433	20,211	222
Retirement	18,703	25,795	(7,092)
Group Insurance	50,000	41,291	8,709
Utilities	115,000	130,232	(15,232)
Telephone	18,000	16,783	1,217
Office Supplies	2,500	1,324	1,176
General Supplies	80,000	28,689	51,311
Postage	5,500	6,386	(886)
Chlorine Supplies	50,000	36,286	13,714
Repairs & Maintenance	105,000	121,625	(16,625)
Dues & Subscriptions	14,000	20,667	(6,667)
Legal & Professional	11,900	34,782	(22,882)
Engineering Fees	1,000	752	248
Travel & Training	4,000	2,624	1,376
Public Works Uniforms	500	1,037	(537)
Laboratory Fees	20,000	12,554	7,446
Gasoline	23,000	5,570	17,430

	Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous	\$ 12,000	\$ 5,136	\$ 6,864
Insurance	50,000	47,586	2,414
Bad Debts	-	5,509	(5,509)
Bond Interest	88,000	548,274	(460,274)
Bond Issuance Costs	-	114,816	(114,816)
Amortization	-	37,666	(37,666)
Depreciation	-	787,833	(787,833)
Total Operating Expenses	996,483	2,317,622	(1,321,139)
Operating Income (Loss)	847,017	\$ (710,317)	(1,557,334)
Nonoperating Revenues (Expenses):			
Interest Income	12,000	277,866	265,866
Interfund Transfers	-	(277,749)	(277,749)
Net Income (Loss)	859,017	(710,200)	(1,569,217)
Beginning Net Position	18,297,396	18,297,396	-
Ending Net Position	<u>\$ 19,156,413</u>	<u>\$ 17,587,196</u>	<u>\$ (1,569,217)</u>
Other Budgeted Items:			
Capital Outlay	\$ 1,378,216	\$ 7,033,928	\$ (5,655,712)
Bond Principal Payments	478,000	390,000	88,000

**CITY OF WEST, TEXAS  
COMBINED SUMMARY OF INVESTMENTS  
SEPTEMBER 30, 2023**

	<u>Interest Rate (%)</u>	<u>Dated</u>	<u>Matures</u>	<u>Amount</u>
<b>General Fund:</b>				
Savings Account 8982	0.43			\$ 177,615
Savings Account 7744	0.43			29,479
Savings Account 9019	0.43			5,040
Savings Account 9052	0.43			747
Savings Account 6004345	0.43			106,434
Savings Account 6005607	0.43			18,556
Savings Account 19455	0.43			6,209
LOGIC Savings 003	5.5473			239,366
Savings Account 98061	0.10			120,484
Savings Account 98558	0.10			7,326
Savings Account 98608	0.10			845
Certificate of Deposit 4813	0.40			304,132
Total General Fund				<u>\$ 1,016,233</u>
<b>Water and Sewer Fund:</b>				
Time Deposit 118300	0.40	5/12/2023	11/12/2023	\$ 24,181
Savings Account 50	0.15			202,075
Savings Account 18754	0.15			14,986
LOGIC Savings 001	5.5473			73,056
LOGIC Savings 005	5.5473			3,349,522
Total Water and Sewer Fund				<u>\$ 3,663,820</u>
Total Unrestricted Funds				<u>\$ 4,680,053</u>
<b>Restricted Funds:</b>				
Time Deposit 18541	0.10	9/10/2023	3/10/2024	203,914
Savings Account 18820	0.10			131,096
Savings Account 18812	0.10			19,003
Savings Account 5018812	0.10			6,772
Savings Account 9720	0.10			19,833,951
Savings Account 509720	0.10			8,160
LOGIC Savings 004	5.5473			47,990
LOGIC Savings 002	5.5473			24,222
Total Restricted Funds				<u>20,275,108</u>
Total				<u>\$24,955,161</u>

**CITY OF WEST, TEXAS**  
**SUMMARY OF 2022 AND 2023 TAX ROLLS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>2022</u>	<u>2023</u>
Real Property Valuation	\$ 300,505,032	\$ 327,660,461
Personal Property Valuation	25,867,950	28,265,220
Less Exemptions	<u>(67,846,094)</u>	<u>(59,154,749)</u>
Net Taxable Valuation	\$ 258,526,888	\$ 296,770,932
Tax Rate (per \$100)	<u>0.520522</u>	<u>0.60</u>
Gross Tax Roll	<u>\$ 1,346,855</u>	<u>\$ 1,782,990</u>
Less: Current Collections	(1,119,816)	
Delinquent Collections	(272,707)	
Adjustments	<u>67,499</u>	
2022 Delinquent Taxes as of September 30, 2023	<u>\$ 21,831</u>	

**CITY OF WEST, TEXAS**  
**ANALYSIS OF DELINQUENT TAXES RECEIVABLE**  
**SEPTEMBER 30, 2023**

<u>Tax Roll</u>	<u>Taxes Receivable 9/30/22</u>	<u>Additions</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Taxes Receivable 9/30/23</u>
2001-2006	\$ 617	\$ -	\$ 74	\$ (28)	\$ 515
2007	518	-	82	-	436
2008	548	-	85	-	463
2009	611	-	34	-	577
2010	513	-	35	-	478
2011	816	-	36	-	780
2012	1,446	-	40	(316)	1,090
2013	2,315	-	119	-	2,196
2014	2,529	-	118	-	2,411
2015	2,764	-	236	-	2,528
2016	3,667	-	-	-	3,667
2017	4,164	-	97	-	4,067
2018	5,106	-	3,957	3,855	5,004
2019	6,731	-	6,102	3,668	4,297
2020	9,217	-	6,639	3,223	5,801
2021	19,664	-	10,920	(186)	8,558
2022	<u>-</u>	<u>1,346,855</u>	<u>1,392,523</u>	<u>67,499</u>	<u>21,831</u>
Totals	<u>\$ 61,226</u>	<u>\$ 1,346,855</u>	<u>\$ 1,421,097</u>	<u>\$ 77,715</u>	<u>\$ 64,699</u>
Balance, September 30, 2022				\$ 61,226	
2022 Tax Levy				1,346,855	
Subtotal				<u>\$1,408,081</u>	
Less: Current Collections				(1,119,816)	
Delinquent Collections				(301,281)	
Adjustments				<u>77,715</u>	
Balance, September 30, 2023				<u>\$ 64,699</u>	

**CITY OF WEST, TEXAS  
WATER AND SEWER FUND OPERATIONS DATA  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Number of properties connected with the system:

Water	1,181
Sewer	1,098

Number of gallons of water pumped into the system:	96,354,000
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Number of gallons of water purchased:	33,575,000
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Number of gallons of water sold	117,216,729
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**CITY OF WEST, TEXAS  
COMPREHENSIVE SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2023**

<u>Policy No.</u>	<u>Company Name</u>	<u>Type of Coverage</u>
2593	Texas Municipal League Intergovernmental Risk Pool	<p>General Liability Law Enforcement Liability Errors and Omissions Liability Cyber Liability and Data Breach</p> <p>Automobile Liability Comprehensive and Collision Fire and Extended Coverage All Risks Boiler and Machinery</p> <p>Crime</p> <p>Worker's Compensation</p>



<u>Loss Coverage</u>	<u>Coverage Amount</u>	<u>Expiration Date</u>
General Liability	\$ 1,000,000	10/1/23
Property Damage	1,000,000	
Completed Operations	1,000,000	
Information Security	1,000,000	
Automobile Liability	1,000,000	
Automobile Physical Damage	Actual Cash Value	
Real and Personal Property	19,128,438	
Mobile Equipment	1,044,038	
Boiler and Machinery	455,400	
Employee Dishonesty	10,000	
Forgery & Alteration	10,000	
Computer Fraud	10,000	
All Employees	Statutory	
Volunteer Firemen		

CITY OF WEST, TEXAS  
PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2023

Official	Title
City Council:	
Tommy Muska	Mayor
Steve Vanek	Mayor Pro Tem
Joseph Pustejovsky	Alderman
Natalie Kelinske	Alderman
Jimmy Doherty	Alderman
Dave Pratka	Alderman
Council Appointees:	
Shelly Nors	City Administrator
Charles Buenger	City Attorney
David Pareya	City Judge
C.J. Gillaspie	Director of Public Works
Chris White	Police Chief
Full-Time Policemen:	
Justin Gonzales	Policeman
Joshua Sexton	Policeman
Domingo Gonzalez	Policeman
Jonathan Hoxie	Policeman
Jackson Thomas	Policeman
Nathan Necessary	Policeman
Scott Jones	Policeman

**WILLIAM B. SANDERS**  
**Certified Public Accountant**

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

To the City Council  
City of West, Texas

I have audited the financial statements of the governmental activities and the business-type activities of the City of West, Texas, as of and for the year ended September 30, 2023, which comprise the City of West, Texas' basic financial statements and have issued my report thereon dated February 6, 2024. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City of West, Texas is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the City of West, Texas' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of West, Texas' internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below to be a material weakness.

Recently-issued auditing standards have clarified that the components of internal controls are the same for all entities. There is no exemption or special relief given to a smaller entity because of its size or the challenges present when achieving effective internal control. Certain internal controls that have often been overlooked by small businesses relate to the financial reporting process. Annual financial reporting control objectives address the preparation of accurate annual financial statements and related note disclosures in accordance with generally accepted accounting principles. That is to say, the system of internal control over financial reporting does not stop at the entity's general ledger. It includes controls over the actual financial statement preparation, including note disclosures.

I have drafted the annual financial statements and related note disclosures of the City at the City's request. This was done because, due to its limited resources, the City's internal personnel did not possess all the skills and competencies necessary to prepare its own financial statements in accordance with the highly technical pronouncements and requirements of generally accepted accounting principles. However, I can not be considered part of the City's internal controls. Consequently, the inability of the City to internally prepare its own financial statements and related notes is considered a control deficiency. The fact that I prepare the financial statements may give users more confidence that the financial statements are correct; however, it does not eliminate the control deficiency.

To remedy the control deficiency related to the preparation of the annual financial statements, the City needs to ensure that appropriate personnel are in place and that they have the appropriate knowledge and tools (i.e., current accounting literature, current disclosure checklist, etc.) to be an effective element of the internal control process. Another remedy in this area may be for the City to engage another firm or person to outsource the financial statement preparation portion of the process. Alternatively, management may make a conscious decision to accept the degree of risk in this control deficiency because of cost or other considerations. That decision would not affect my continued drafting of the City's financial statements and notes in the future. However, my responsibility under professional standards includes communicating deficiencies, regardless of management's decisions, as long as the deficiency exists.

## Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



West, Texas  
February 6, 2024