

A photograph of a flooded area. The water is brown and covers a grassy field. In the background, there are trees and a road. On the right side, there is a cluster of pink flowers growing out of the water.

2023 ACFR

For Year Ended September 30

**Annual Comprehensive Financial Report**



**CITY OF HEWITT, TEXAS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**



# CITY OF HEWITT, TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## **INTRODUCTORY SECTION**

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# HEWITT

TEXAS

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Hewitt, Texas:

State law and the City Charter require that every municipality publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill those requirements for the fiscal year ending September 30, 2023.

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

Pattillo, Brown & Hill, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Hewitt’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

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

### *Profile of the government*

The City of Hewitt originated in 1893 and was incorporated in 1960. It is located in the Heart of Texas Region in the central part of Texas just 2 hours south of Dallas and 2 hours north of Austin on Interstate 35. As the southern suburb of Waco, Hewitt enjoys being the second largest city in McLennan County with 7 square miles along I-35 and serving a population of 16,431.

The City of Hewitt operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing body (City Council) consisting of the Mayor and six other members. Council members, including the Mayor, serve two-year terms, with three members elected by ward and one at-large, on a non-partisan basis every two years. The Mayor is chosen from among and by the City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City’s Manager, Attorney, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the city government, and appointing the heads of departments.

The City provides a full range of services, including police and fire protection, refuse collection, building inspections, licenses and permits, construction, and maintenance of

streets, water, wastewater, and stormwater infrastructure, library services, recreational and cultural activities. Residents enjoy affordable homes, quiet, safe neighborhoods, as well as exceptional school resources, and community spirit. The City also welcomes businesses.

The City Manager is required by City Charter to propose an initial budget for the fiscal year no later than August 1<sup>st</sup> preceding the beginning of the fiscal year on October 1<sup>st</sup>. This annual budget serves as the foundation for the City of Hewitt's financial planning and control. The budget is prepared by fund, functions (e.g., public safety), and departments (e.g., police). The operating budget includes proposed expenditures and the means of financing them. A public hearing on the budget and two public hearings on the proposed tax rate are held prior to the meeting to adopt the budget before September 30<sup>th</sup>. The proposed budget is adopted through the passage of an ordinance. An annual budget legally adopts all city funds including Operating, Special, and Capital Projects funds.

### *Local Economy*

The City of Hewitt is a city of choice in McLennan County. People are choosing to live, work, and open businesses in Hewitt. Hewitt remains one of the most sought-after places to live in the nation. The City has received accolades for being affordable, safe, and an all-around great place to live.

Hewitt has customarily been known as a bedroom community with residential valuations making up approximately 67% of the total assessed property value. Although Hewitt is landlocked and unable to annex additional territory, Hewitt has ample land available for residential development and new commercial investment. Current projections indicate a total build-out population of approximately 20,000 residents within the next 5 to 10 years.

Part of Hewitt's desirability has to do with quick access to the I-35 corridor and proximity to several regional amenities. Hewitt continues to grow and enjoys a reputation as a highly desirable place to live due to the quality of life available for all residents to enjoy. The quality of education offered by Midway ISD is also a contributing factor to local growth and overall good reputation. Proximity to secondary education (Baylor University, McLennan Community College, and Texas State Technical College) and local attractions contribute to the overall desirability of Hewitt.

The year 2018 was pivotal in the history of Hewitt. In January, Walmart opened doors to the public and began operations in Hewitt's Commerce Park. This was much anticipated due to new jobs and shopping opportunities. Moreover, the store has created new interest from other developers. Cracker Barrel restaurant is now open and generating additional sales tax dollars. It is anticipated that other retailers will likewise choose Hewitt and subsequent investment, jobs, and tax revenue will follow. Improving sales tax revenue has become a priority of the City Council; so much so, the Council has opened economic development incentives for retail development. Those incentives have now helped Hewitt attract an Atwood's Farm and Ranch store adjacent to the Walmart in Commerce Park and Rosa's Café and Cantina at the intersection of Panther Way and Hewitt Drive.

In 2023 (tax roll year 2022), new property added to the tax roll at market value was \$68 million, \$61.7 million of which was taxable. This increase included \$25 million in new single-family homes, \$28.7 million in multi-family homes, and \$10 million in commercial property. Total certified taxable value increased from \$1.132 billion for fiscal year 2021-2022 to \$1.301 billion for fiscal year 2022-2023, an increase of \$169 million or 15%. The average market value of 3,456 residences is \$286,945 before exemptions and \$191,461 after exemptions. The value of a single-family home, according to permits issued in 2023, is \$308,487.

In addition to commercial development, Hewitt continues to experience solid growth in residential housing. In 2023, subdivisions like Moonlight Park and Sunflower Ridge offer several new home lots currently in various stages of development. The Icon at Hewitt offers 256 luxury one and two-bedroom units. Plus, the Reserve at Dry Creek provides 118 apartment units for residents 55 and over at an affordable monthly rate. Hewitt and the greater Waco area are expected to experience continual growth in population as well as taxable value.

Looking beyond 2023 there is much to look forward to in the greater Hewitt area. Land values are increasing, and people are moving to Hewitt. Just outside the city limits, several hundred residential lots are in development right now. While these will be Waco residents, they will drive on Hewitt streets, and go to local stores, and new jobs will be created in the immediate area.

This rapid growth will create new opportunities for intergovernmental projects, as evidenced by the continued reconstruction of Ritchie Road, which initially was a joint partnership between the City of Hewitt, the City of Waco, and McLennan County. This multi-million-dollar project exemplifies the spirit of cooperation and level of investment by local governmental units and has now been completed with the final phase of construction by Hewitt. On Ritchie Road, within the city of Hewitt, Midway ISD has added Park Hill Elementary, the 4<sup>th</sup> elementary school within Hewitt city limits. In addition, the City is near completion of the Commerce Park Water Plant including an additional well, water storage, and plant to provide water for future growth.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. The unemployment rate as of September 2023 was 3.7%. The median household income in the City of Hewitt is \$75,898, while the state's was \$73,035. The population has increased from 11,084 in 2000 to 16,431 in 2023. Due to the strong and healthy local economy, the City of Hewitt has received an increase in its credit rating from AA- to AA from Standard and Poor.

#### *Long-term financial planning and major initiatives*

Unrestricted fund balance in the General Fund at year-end is \$10,505,497 or 78% of total General Fund expenditures. This amount is more than the 90-day reserve of \$2,842,748 set

by Council for budgetary and planning purposes (i.e. 90 days of General Fund budgeted expenditures, excluding debt service and capital outlay). The Council also approved a 90-day reserve for debt service of \$790,324. The balance available for General Fund debt service at year-end was \$882,045.

Unrestricted fund balance in the Utility Fund at year-end was \$4,438,353 or 78% of total Utility Fund expenses less depreciation. This amount is more than the 90-day reserve of \$1,406,010 set by Council for budgetary and planning purposes (i.e. 90 days of Utility Fund budgeted expenses, excluding debt service and capital outlay). The Council also approved a 90-day reserve for debt service of \$509,400. The balance available for Utility Fund debt service at year-end was \$1,579,641.

The City Council maintains an active five-year Capital Improvements Plan (CIP) which serves as its planning document to ensure that streets, parks, facilities, water, and wastewater infrastructure are well maintained and operating in peak condition. In addition, staff present their departmental Five-Year Strategic Plans, which is an important part of the CIP plan.

The CIP is used to identify needs and then prioritize projects based on staff recommendations and Council direction. A key component of this plan is to project cost estimates which are updated during the year and used during budget discussions and financial planning. The plan is intended to list projects that will maintain, update, and improve city facilities and infrastructure in a variety of areas; as well as, identify possible funding sources. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. Under the guidance of the City Council, this process gives the City of Hewitt the ability to plan for its capital needs and allocate short-and long-term resources appropriately.

#### *Relevant financial policies*

The City of Hewitt has adopted a comprehensive set of financial policies, including a policy, according to the charter which had a successful voter-approved revision, that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or greater than estimated expenditures). Also, as discussed above, the city maintains a 90-day reserve of general fund expenditures, not including debt service and capital outlay. A separate 90-day reserve for debt service is also maintained. In addition, these reserves, operating and debt service, are also maintained in the utility fund.

#### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hewitt, Texas, for its annual comprehensive financial report (ACFR) for the fiscal year ending September 30, 2022. This was the 20<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial

report that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current annual comprehensive financial report (ACFR) continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Hewitt also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2022-2023. Hewitt has received this Award for 19 years. To qualify for the Distinguished Budget Presentation Award, the government's budget document has to be judged as proficient as a policy document, a financial plan, an operations guide, and a communications device.

A sincere thanks is extended to all government departments for their assistance in providing the data necessary to prepare this report.

In closing, without the leadership and support of the governing body of the City of Hewitt, the Hewitt City Council, the preparation of this report would not have been possible.

Respectfully submitted,

A blue ink signature of Everett "Bo" Thomas, which appears to read "Thomas Bo" with a stylized flourish.

Everett "Bo" Thomas, ICMA-CM  
City Manager

A blue ink signature of Lee H. Garcia, which appears to read "Lee H. Garcia" with a stylized flourish.

Lee H. Garcia, CPA, CGFO  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Hewitt  
Texas**

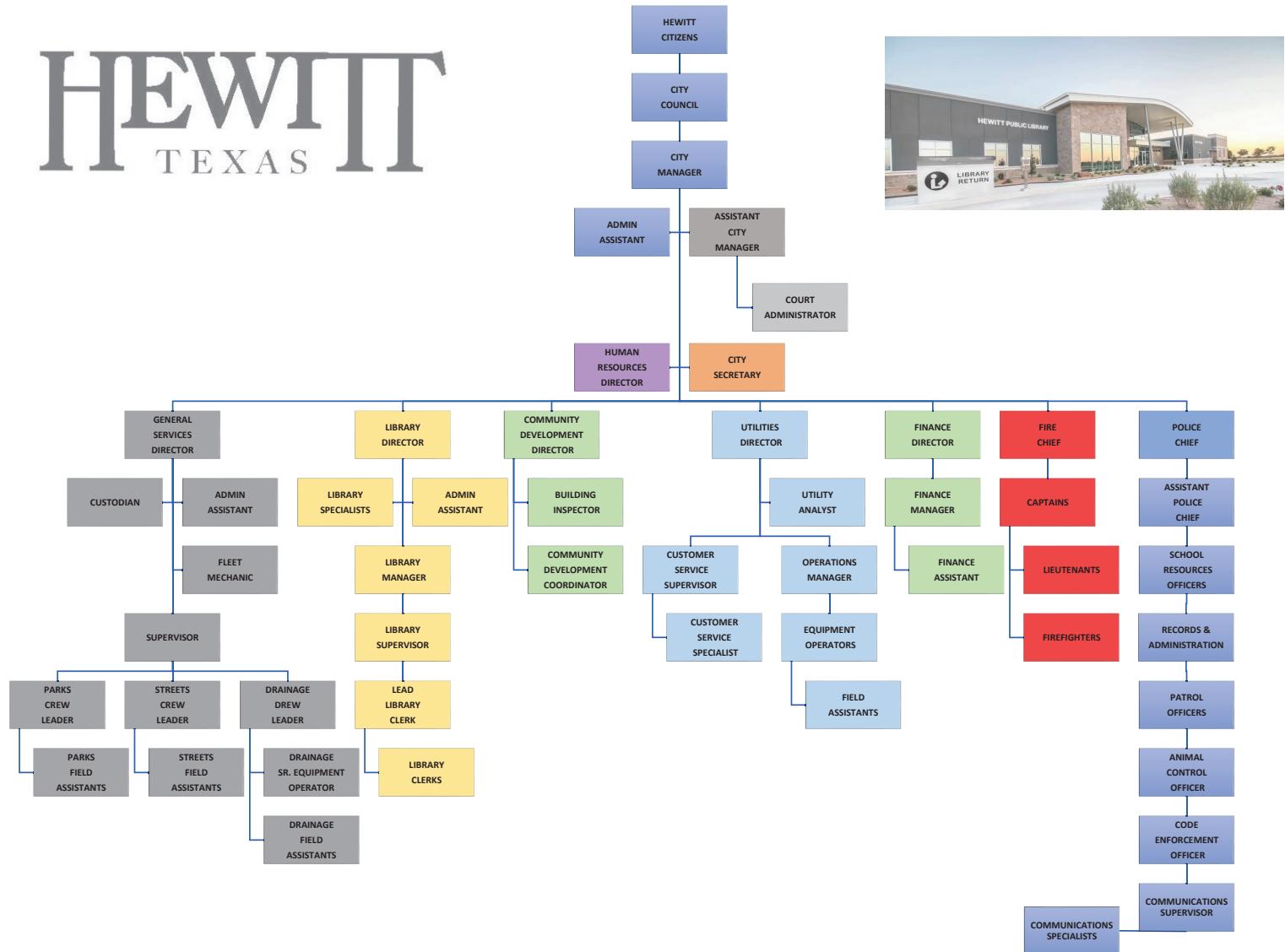
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Monell*

Executive Director/CEO

# HEWITT TEXAS



**CITY OF HEWITT, TEXAS**

**LIST OF ELECTED AND APPOINTED OFFICIALS**

SEPTEMBER 30, 2023

<b>Elected Officials</b>	<b>Position</b>
Steve Fortenberry	Mayor
Dr. Erica Bruce	Mayor Pro-Tem
Michael Bancale	Council Member
Bob Potter	Council Member
Johnny Price	Council Member
Johnny Stephens	Council Member
Brad Turner	Council Member

<b>Appointed Officials</b>	<b>Position</b>
Everett "Bo" Thomas, ICMA-CM	City Manager
Lydia Lopez, TRMC, CMC	City Secretary
James Devlin	Assistant City Manager
Lee H. Garcia, CPA, CGFO	Finance Director
John McGrath	Police Chief
Jonathan Christian, CFE, FSCEO	Fire Chief
Tracy Lankford	Community Development Director
Kevin Reinke	Utilities Director
Matthew Glaser, MLS	Library Director
Scott Coleman	General Service Director
Jessica Higgins, MSHRM, IPMA-CP	Human Resources/Civil Service

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
and Members of City Council  
City of Hewitt, Texas

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hewitt, 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 Hewitt, Texas' basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hewitt, 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.

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#### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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*, we:

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

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

## ***Required Supplementary Information***

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hewitt, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of the City of Hewitt, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Hewitt, Texas' internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 18, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hewitt, Texas (the "City"), we offer readers of the City 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 we have furnished in the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded the liabilities and deferred inflows of resources at the close of the fiscal year by \$23,254,977. Of this amount, \$11,402,460 represents net investment in capital assets. Additionally, the City is reporting restricted net position of \$3,383,214 and \$8,469,303 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,636,048. A major contributing factor in this increase is attributable to an increase in sales tax revenues in the governmental activities and an increase in capital contributions in the business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,321,277, an increase of \$6,238,373 in comparison with the prior year. Approximately 47% of this total, or \$10,505,497 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 \$10,505,497 or 78% percent of total General Fund expenditures for the fiscal year.
- The City's total governmental long-term liabilities increased by \$6,879,946 (25%) during the current fiscal year due to the issuance of certificates of obligation in the amount of \$5,915,000, a premium on issuance of \$241,375, and an increase in the net pension liability.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Hewitt'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 basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Hewitt.

#### Basic Financial Statements

The first two statements in 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 are *fund financial statements*. These statements focus on the activities of the individual parts of city 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. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information can be found in the required supplementary section of the report.

#### 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 two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets, deferred outflows/inflows of resources and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities encompass most of the City's basic services such as public safety, street, culture and recreation, and general administration. Property taxes, sales taxes and franchise fees finance most of these activities. The business-type activities are those in which the City charges customers to provide services. These include the water, sewer, and sanitation operations as well as stormwater drainage.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) 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, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the 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 four 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 and the Capital Projects funds, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The City has one type of proprietary fund. Its Enterprise Funds are used to report the same programs presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water, sewer, and sanitation operations and its stormwater drainage operations. The proprietary fund statements provide the same type of information as the government wide financial statements, only in more detail.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information (RSI) which contains information about the City's pension plans and other post-employment benefits plan. Schedules comparing actual results with the original budget and the final amended budget for the City's General Fund are also presented in the RSI section.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

**City of Hewitt Net Position**  
**Figure 1**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 22,657,208	\$ 16,527,733	\$ 15,164,010	\$ 13,891,101	\$ 37,821,218	\$ 30,418,834
Capital assets	28,192,377	25,570,023	14,861,402	15,015,133	43,053,779	40,585,156
Total assets	<u>50,849,585</u>	<u>42,097,756</u>	<u>30,025,412</u>	<u>28,906,234</u>	<u>80,874,997</u>	<u>71,003,990</u>
Deferred outflows of resources	3,008,640	1,169,198	630,118	441,123	3,638,758	1,610,321
Current and other liabilities	383,054	416,164	4,551,750	4,673,731	4,934,804	5,089,895
Long-term liabilities	35,446,554	27,432,652	20,604,212	21,738,168	56,050,766	49,170,820
Total liabilities	<u>35,829,608</u>	<u>27,848,816</u>	<u>25,155,962</u>	<u>26,411,899</u>	<u>60,985,570</u>	<u>54,260,715</u>
Deferred inflows of resources	250,934	1,547,211	22,274	187,456	273,208	1,734,667
Net position:						
Net investment in capital assets	9,078,350	6,310,241	2,324,110	1,596,257	11,402,460	7,906,498
Restricted	1,803,573	1,596,369	1,579,641	1,507,630	3,383,214	3,103,999
Unrestricted	6,895,760	5,964,317	1,573,543	(355,885)	8,469,303	5,608,432
Total net position	<u>\$ 17,777,683</u>	<u>\$ 13,870,927</u>	<u>\$ 5,477,294</u>	<u>\$ 2,748,002</u>	<u>\$ 23,254,977</u>	<u>\$ 16,618,929</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred inflows of the City of Hewitt exceeded liabilities and deferred outflows by \$23,254,977 as of September 30, 2023. The City's net position increased by \$6,636,048 for the fiscal year ended September 30, 2023. Net investment in capital assets of \$11,402,460 accounts for the greatest portion (49%) of net position.

An additional portion of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,469,303 is unrestricted and may be used to meet the government's ongoing obligations.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99%.
- City sales tax revenues that mirrored, and at times, exceeded, those of the surrounding cities, the State of Texas and national economic trends.

**City of Hewitt Changes in Net Position**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 617,872	\$ 688,814	\$ 10,070,181	\$ 9,651,829	\$ 10,688,053	\$ 10,340,643
Operating grants and contributions	223,441	71,017	-	-	223,441	71,017
Capital grants and contributions	2,800,000	1,671,000	2,586,317	1,320,000	5,386,317	2,991,000
General revenues:						
Property taxes	6,942,883	6,125,219	-	-	6,942,883	6,125,219
Sales taxes	4,377,727	4,081,086	-	-	4,377,727	4,081,086
Franchise taxes	983,902	968,297	-	-	983,902	968,297
Hotel occupancy taxes	180,255	171,030	-	-	180,255	171,030
Investment earnings and other general revenues	806,649	209,245	520,993	62,431	1,327,642	271,676
Total revenues	<u>16,932,729</u>	<u>13,985,708</u>	<u>13,177,491</u>	<u>11,034,260</u>	<u>30,110,220</u>	<u>25,019,968</u>
Expenses:						
General government	2,120,349	1,659,976	-	-	2,120,349	1,659,976
Public safety	7,536,133	6,167,618	-	-	7,536,133	6,167,618
Streets	2,362,736	1,432,079	-	-	2,362,736	1,432,079
Culture and recreation	1,010,636	1,377,531	-	-	1,010,636	1,377,531
Interest on long-term debt	951,119	801,909	-	-	951,119	801,909
Water, sewer, and sanitation	-	-	8,789,862	8,356,859	8,789,862	8,356,859
ARPA	-	-	261,317	-	261,317	-
Stormwater drainage	-	-	442,020	439,927	442,020	439,927
Total expenses	<u>13,980,973</u>	<u>11,439,113</u>	<u>9,493,199</u>	<u>8,796,786</u>	<u>23,474,172</u>	<u>20,235,899</u>
Increase (decrease) in net position before transfers	2,951,756	2,546,595	3,684,292	2,237,474	6,636,048	4,784,069
Transfers	<u>955,000</u>	<u>955,000</u>	<u>(955,000)</u>	<u>(955,000)</u>	<u>-</u>	<u>-</u>
Change in net position	3,906,756	3,501,595	2,729,292	1,282,474	6,636,048	4,784,069
Net position, beginning	<u>13,870,927</u>	<u>10,369,332</u>	<u>2,748,002</u>	<u>1,465,528</u>	<u>16,618,929</u>	<u>11,834,860</u>
Net position, ending	<u><u>\$ 17,777,683</u></u>	<u><u>\$ 13,870,927</u></u>	<u><u>\$ 5,477,294</u></u>	<u><u>\$ 2,748,002</u></u>	<u><u>\$ 23,254,977</u></u>	<u><u>\$ 16,618,929</u></u>

**Governmental Activities.** Governmental activities increased the City's net position by \$3,906,756. Key elements of this increase include an increase in developer street contributions and sales tax, slightly offset by increases in expenses in public safety and streets.

**Business-type Activities.** Business-type activities increased the City's net position by \$2,729,292. Charges for services increased \$412,454 due to rate increases in water, sewer and solid waste. Interest revenue increased by \$458,556. Expenses increased by 5% due to the combination of increases in personnel, water contracts and wastewater expenses.

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

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

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of 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 at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,505,497, with a total fund balance of \$11,387,542. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78% of total General Fund expenditures. Total fund balance represents 84% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,428,680 during the current fiscal year. This was a result of increases in revenue in every category. The City has experienced strong economic growth in the past few years, which has driven increases in sales tax and property tax revenues.

**Proprietary Fund.** The City's Utility Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to \$934,582. The total increase in net position was \$2,479,426. Other factors concerning the finances of the Utility Fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights.

During the fiscal year, the City did not make budget amendments. If budget amendments are needed, they generally 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.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City of Hewitt's investment in capital assets for its governmental and business-type activities as of September 30, 2023, totals \$43,053,779 (net of accumulated depreciation). These assets include land, buildings and improvements, distribution and collection systems, machinery and equipment, and construction in progress.

**City of Hewitt Capital Assets**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,405,058	\$ 2,405,058	\$ 554,444	\$ 554,444	\$ 2,959,502	\$ 2,959,502
Buildings and improvements	10,982,164	10,903,630	1,028,526	1,028,526	12,010,690	11,932,156
Distribution and collection systems	-	-	48,035,996	45,347,250	48,035,996	45,347,250
Machinery and equipment	7,645,953	6,491,588	2,989,949	2,927,753	10,635,902	9,419,341
Infrastructure	49,113,249	45,675,551	-	-	49,113,249	45,675,551
Construction in progress	366,967	228,647	-	344,076	366,967	572,723
Accumulated depreciation	(42,321,014)	(40,134,451)	(37,747,513)	(35,186,916)	(80,068,527)	(75,321,367)
Total	<u>\$ 28,192,377</u>	<u>\$ 25,570,023</u>	<u>\$ 14,861,402</u>	<u>\$ 15,015,133</u>	<u>\$ 43,053,779</u>	<u>\$ 40,585,156</u>

Major capital asset events during the year included the following:

- Pierce Enforcer Fire Truck, \$841,133.
- Parks and Facilities Improvements, \$78,533.
- Tyler Ticker Writers for Patrol, \$62,967.
- Computer replacements in the Library, \$8,000.
- Emergency Management Radio for Community Development, \$7,100.
- Pro Turn 660 Mower, \$12,505.
- Patrol Chevy Tahoes (3), \$225,722.
- Patrol F150, \$48,843.
- PD Admin F150, \$47,932.
- Clark Equipment Planer \$23,240 and Clark Equipment Grader, \$19,703.
- Fire Department Skid Unit, \$15,250.
- PD Motorola Radios, \$13,331.
- Utility Maintenance F150, \$49,691.
- Microseal street improvements, \$125,000.
- Utility Water Meter MIU replace program (multi-year) \$60,000.
- Utility Wastewater Inflow/Infiltration program (multi-year) \$80,000.
- Streets contributed by builders, \$2,800,000.
- Water and sewer lines contributed by builders, \$2,325,000.
- Completion of East Warren Street Improvements, \$637,694.
- Completion of East Warren Utility Improvements, \$363,746.
- Ongoing Chapman/Crescent/Boleman street improvement, \$366,967.

Additional information on the City's capital asset activity is presented in the notes to the financial statements on page 22 - 27.

**Long-term Debt.** As of September 30, 2023, the City of Hewitt had total long-term debt outstanding of \$49,837,413. This debt is backed by the full faith and credit of the City.

**City of Hewitt Outstanding Debt**  
**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	\$ 27,116,910	\$ 22,537,160	\$ 14,263,090	\$ 14,812,840	\$ 41,380,000	\$ 37,350,000
Refunding general obligation bonds	302,100	596,250	4,892,900	5,578,750	5,195,000	6,175,000
Premium on bonds	939,453	749,903	463,006	511,742	1,402,459	1,261,645
Financing arrangements	769,781	716,678	256,997	525,426	1,026,778	1,242,104
Compensated absences	752,709	752,426	80,467	85,732	833,176	838,158
<b>Total</b>	<b>\$ 29,880,953</b>	<b>\$ 25,352,417</b>	<b>\$ 19,956,460</b>	<b>\$ 21,514,490</b>	<b>\$ 49,837,413</b>	<b>\$ 46,866,907</b>

The City's total debt increased by \$2,970,506 (6.3%) during the current fiscal year. The key factor in this increase was the issuance of the 2023 certificate of obligation for \$5,915,000.

Additional information regarding the City of Hewitt's long-term debt can be found in the notes to the financial statements on pages 24 - 27.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,505,497. The City has not appropriated any of this amount for spending in the 2024 fiscal year budget. The 2024 fiscal year budget is \$15 million, the general fund is a balanced budget. The water and wastewater rates were increased by approximately 3.1% and 3.4% effective December 1, 2023. There were no changes to the drainage rates for the 2023 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Hewitt's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, at the City of Hewitt, 200 Patriot Court, Hewitt, TX 76643.

**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF HEWITT, TEXAS**

**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 21,409,926	\$ 11,940,717	\$ 33,350,643
Accounts receivables, net	1,247,282	1,643,652	2,890,934
Restricted cash and investments	-	1,579,641	1,579,641
Capital assets:			
Non-depreciable	2,772,025	554,444	3,326,469
Depreciable, net	<u>25,420,352</u>	<u>14,306,958</u>	<u>39,727,310</u>
Total assets	<u>50,849,585</u>	<u>30,025,412</u>	<u>80,874,997</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charge on refunding	2,010	268,897	270,907
Deferred outflow related to OPEB	3,172	-	3,172
Deferred outflow related to pensions	<u>3,003,458</u>	<u>361,221</u>	<u>3,364,679</u>
Total deferred outflow of resources	<u>3,008,640</u>	<u>630,118</u>	<u>3,638,758</u>
<b>LIABILITIES</b>			
Accounts payable	32,850	498,043	530,893
Accrued liabilities	109,726	13,419	123,145
Accrued interest	240,478	177,194	417,672
Unearned revenue	-	3,371,461	3,371,461
Customer deposits	-	491,633	491,633
Noncurrent liabilities:			
Due within one year:			
Long-term debt	2,331,020	1,428,161	3,759,181
Total OPEB liability	<u>3,808</u>	-	<u>3,808</u>
Due in more than one year:			
Long-term debt	27,549,933	18,528,299	46,078,232
Net pension liability	5,385,893	647,752	6,033,645
Total OPEB liability	<u>175,900</u>	-	<u>175,900</u>
Total liabilities	<u>35,829,608</u>	<u>25,155,962</u>	<u>60,985,570</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflow related to pensions	185,201	22,274	207,475
Deferred outflow related to OPEB	65,733	-	65,733
Total deferred inflow of resources	<u>250,934</u>	<u>22,274</u>	<u>273,208</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,078,350	2,324,110	11,402,460
Restricted for:			
Debt service	882,045	1,579,641	2,461,686
Municipal information	483,391	-	483,391
Tourism	283,191	-	283,191
Public safety	154,946	-	154,946
Unrestricted	<u>6,895,760</u>	<u>1,573,543</u>	<u>8,469,303</u>
Total net position	<u>\$ 17,777,683</u>	<u>\$ 5,477,294</u>	<u>\$ 23,254,977</u>

**CITY OF HEWITT, TEXAS**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,120,349	\$ 254,700	\$ -	\$ -
Public safety	7,536,133	310,470	154,192	-
Streets	2,362,736	-	-	2,800,000
Culture and recreation	1,010,636	52,702	69,249	-
Interest and fiscal charges	951,119	-	-	-
Total governmental activities	<u>13,980,973</u>	<u>617,872</u>	<u>223,441</u>	<u>2,800,000</u>
Business-type activities:				
Water, sewer, and sanitation	8,789,862	9,539,084	-	2,325,000
ARPA	261,317	-	-	261,317
Stormwater drainage	442,020	531,097	-	-
Total business-type activities	<u>9,493,199</u>	<u>10,070,181</u>	<u>-</u>	<u>2,586,317</u>
<b>Total primary government</b>	<b>\$ 23,474,172</b>	<b>\$ 10,688,053</b>	<b>\$ 223,441</b>	<b>\$ 5,386,317</b>
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales taxes				
Franchise taxes				
Hotel occupancy tax				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,865,649)	\$ -	\$ (1,865,649)
(7,071,471)	-	(7,071,471)
437,264	-	437,264
(888,685)	-	(888,685)
(951,119)	-	(951,119)
<u>(10,339,660)</u>	<u>-</u>	<u>(10,339,660)</u>
-	3,074,222	3,074,222
-	-	-
-	<u>89,077</u>	<u>89,077</u>
<u>-</u>	<u>3,163,299</u>	<u>3,163,299</u>
<u>(10,339,660)</u>	<u>3,163,299</u>	<u>(7,176,361)</u>
4,270,882	-	4,270,882
2,672,001	-	2,672,001
4,377,727	-	4,377,727
983,902	-	983,902
180,255	-	180,255
730,727	520,993	1,251,720
75,922	-	75,922
955,000	(955,000)	-
<u>14,246,416</u>	<u>(434,007)</u>	<u>13,812,409</u>
<u>3,906,756</u>	<u>2,729,292</u>	<u>6,636,048</u>
<u>13,870,927</u>	<u>2,748,002</u>	<u>16,618,929</u>
<u>\$ 17,777,683</u>	<u>\$ 5,477,294</u>	<u>\$ 23,254,977</u>

**CITY OF HEWITT, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2023

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 10,490,188	\$ 10,021,799	\$ 897,939	\$ 21,409,926
Receivables, net	<u>1,223,693</u>	-	23,589	1,247,282
Total assets	<u>11,713,881</u>	<u>10,021,799</u>	<u>921,528</u>	<u>22,657,208</u>
<b>LIABILITIES</b>				
Accounts payable	23,258	9,592	-	32,850
Accrued liabilities	<u>109,726</u>	-	-	109,726
Total liabilities	<u>132,984</u>	<u>9,592</u>	-	142,576
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	165,408	-	-	165,408
Unavailable revenue - court fines	<u>27,947</u>	-	-	27,947
Total deferred inflows of resources	<u>193,355</u>	-	-	193,355
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	882,045	-	-	882,045
Municipal information	-	-	483,391	483,391
Tourism	-	-	283,191	283,191
Public safety	-	-	154,946	154,946
Capital projects	-	10,012,207	-	10,012,207
Unassigned	<u>10,505,497</u>	-	-	10,505,497
Total fund balances	<u>11,387,542</u>	<u>10,012,207</u>	<u>921,528</u>	<u>22,321,277</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,713,881</u>	<u>\$ 10,021,799</u>	<u>\$ 921,528</u>	<u>\$ 22,657,208</u>

**CITY OF HEWITT, 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	\$ 22,321,277
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	28,192,377
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are therefore deferred in the funds:	
Property taxes	165,408
Court fines and fees	27,947
Accrued bond interest is not due and payable in the current period and therefore is not reported in the funds:	(240,478)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(27,419,010)
Bond premium	(939,453)
Financing arrangements	(769,781)
Compensated absences	(752,709)
Included in the items related to long-term liabilities is the recognition of the City's net pension liabilities and total OPEB liability, as well as the related deferred inflows and outflows of resources.	
Long-term liabilities:	
Net pension liability	(5,385,893)
Total OPEB liability	(179,708)
Deferred outflows of resources:	
Outflows related to loss on refunding	2,010
Outflows related to pensions	3,003,458
Outflows related to OPEB	3,172
Deferred inflows of resources:	
Inflows related to pensions	(185,201)
Inflows related to OPEB	(65,733)
Net position of governmental activities	<u>\$ 17,777,683</u>

**CITY OF HEWITT, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 6,927,796	\$ -	\$ -	\$ 6,927,796
Sales	4,377,727	-	-	4,377,727
Franchise	952,332	-	31,570	983,902
Hotel occupancy	-	-	180,255	180,255
Intergovernmental	455,052	-	-	455,052
Licenses and permits	254,700	-	-	254,700
Charges for services	30,350	-	-	30,350
Fines	122,365	-	18,117	140,482
Investment earnings	487,231	212,313	31,183	730,727
Miscellaneous	78,513	-	-	78,513
Total revenues	<u>13,686,066</u>	<u>212,313</u>	<u>261,125</u>	<u>14,159,504</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,860,021	-	127,450	1,987,471
Public safety	6,465,860	-	-	6,465,860
Public works	1,175,774	-	-	1,175,774
Culture and recreation	866,270	-	-	866,270
Debt service:				
Principal	1,891,297	-	-	1,891,297
Interest	795,546	-	-	795,546
Bond issuance cost	-	156,375	-	156,375
Capital outlay	<u>472,618</u>	<u>1,536,295</u>	-	<u>2,008,913</u>
Total expenditures	<u>13,527,386</u>	<u>1,692,670</u>	<u>127,450</u>	<u>15,347,506</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>158,680</u>	<u>(1,480,357)</u>	<u>133,675</u>	<u>(1,188,002)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	5,915,000	-	5,915,000
Premium	-	241,375	-	241,375
Issuance of financing arrangements	315,000	-	-	315,000
Transfers in	955,000	-	-	955,000
Total other financing sources (uses)	<u>1,270,000</u>	<u>6,156,375</u>	-	<u>7,426,375</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,428,680</u>	<u>4,676,018</u>	<u>133,675</u>	<u>6,238,373</u>
<b>FUND BALANCES, BEGINNING</b>	<u>9,958,862</u>	<u>5,336,189</u>	<u>787,853</u>	<u>16,082,904</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 11,387,542</u>	<u>\$ 10,012,207</u>	<u>\$ 921,528</u>	<u>\$ 22,321,277</u>

**CITY OF HEWITT, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 6,238,373
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	4,808,918
Depreciation	(2,186,564)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable tax revenue	15,087
Unavailable municipal court revenue	(41,862)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond principal payments	1,629,400
Financing arrangement principal payments	261,897
Issuance of financing arrangements	(315,000)
Issuance of bonds	(5,915,000)
Premium on issuance of bonds	(241,375)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Amortization of premiums and deferred loss on refunding	49,815
Pension cost	(334,671)
OPEB cost	(12,966)
Compensated absences	(283)
Accrued interest	<u>(49,013)</u>
Change in net position of governmental activities.	<u>\$ 3,906,756</u>

**CITY OF HEWITT, TEXAS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

SEPTEMBER 30, 2023

	Enterprise Funds			Total Enterprise Funds
	Water, Sewer and Sanitation	ARPA	Non-major Stormwater Drainage	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,911,385	\$ 3,532,889	\$ 496,443	\$ 11,940,717
Accounts receivable, net	1,570,956	-	72,696	1,643,652
Restricted cash and cash equivalents	1,579,641	-	-	1,579,641
Total current assets	<u>11,061,982</u>	<u>3,532,889</u>	<u>569,139</u>	<u>15,164,010</u>
Noncurrent assets:				
Land	554,444	-	-	554,444
Buildings and improvements	1,028,526	-	-	1,028,526
Water system facilities	34,195,204	-	-	34,195,204
Sewer system facilities	12,843,572	-	-	12,843,572
Drainage system facilities	-	-	997,220	997,220
Equipment	2,388,389	-	601,560	2,989,949
Less accumulated depreciation	(36,694,647)	-	(1,052,866)	(37,747,513)
Total noncurrent assets	<u>14,315,488</u>	<u>-</u>	<u>545,914</u>	<u>14,861,402</u>
Total assets	<u>25,377,470</u>	<u>3,532,889</u>	<u>1,115,053</u>	<u>30,025,412</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	268,897	-	-	268,897
Deferred outflow related to pensions	276,491	-	84,730	361,221
Total deferred outflows of resources	<u>545,388</u>	<u>-</u>	<u>84,730</u>	<u>630,118</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	498,043	-	-	498,043
Accrued liabilities	10,371	-	3,048	13,419
Accrued interest payable	177,194	-	-	177,194
Unearned revenue	-	3,371,461	-	3,371,461
Customer deposits	491,633	-	-	491,633
Compensated absences	16,086	-	4,031	20,117
Financing arrangement	50,057	-	82,882	132,939
Bonds payable	1,275,105	-	-	1,275,105
Total current liabilities	<u>2,518,489</u>	<u>3,371,461</u>	<u>89,961</u>	<u>5,979,911</u>
Noncurrent liabilities:				
Compensated absences	48,259	-	12,092	60,351
Financing arrangement	61,005	-	63,052	124,057
Bonds payable	18,343,891	-	-	18,343,891
Net pension liability	495,812	-	151,940	647,752
Total noncurrent liabilities	<u>18,948,967</u>	<u>-</u>	<u>227,084</u>	<u>19,176,051</u>
Total liabilities	<u>21,467,456</u>	<u>3,371,461</u>	<u>317,045</u>	<u>25,155,962</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pensions	17,049	-	5,225	22,274
Total deferred inflows of resources	<u>17,049</u>	<u>-</u>	<u>5,225</u>	<u>22,274</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,924,130	-	399,980	2,324,110
Restricted for debt services	1,579,641	-	-	1,579,641
Unrestricted	934,582	161,428	477,533	1,573,543
Total net position	<u>\$ 4,438,353</u>	<u>\$ 161,428</u>	<u>\$ 877,513</u>	<u>\$ 5,477,294</u>

**CITY OF HEWITT, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds			Total Enterprise Funds
	Water, Sewer and Sanitation	ARPA	Non-major Stormwater Drainage	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 9,463,346	\$ -	\$ 531,097	\$ 9,994,443
Miscellaneous	75,738	-	-	75,738
Total operating revenues	<u>9,539,084</u>	<u>-</u>	<u>531,097</u>	<u>10,070,181</u>
<b>OPERATING EXPENSES</b>				
Personnel	802,979	-	230,387	1,033,366
Contractual services	3,989,336	261,317	20,982	4,271,635
Utilities	311,044	-	1,910	312,954
Repairs and maintenance	393,527	-	19,011	412,538
Other	144,432	-	36,948	181,380
Depreciation	2,428,481	-	132,119	2,560,600
Total operating expenses	<u>8,069,799</u>	<u>261,317</u>	<u>441,357</u>	<u>8,772,473</u>
<b>OPERATING INCOME</b>	<u>1,469,285</u>	<u>(261,317)</u>	<u>89,740</u>	<u>1,297,708</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	261,317	-	261,317
Interest and other income	360,204	146,256	14,533	520,993
Interest and other charges	(720,063)	-	(663)	(720,726)
Total nonoperating revenues (expenses)	<u>(359,859)</u>	<u>407,573</u>	<u>13,870</u>	<u>61,584</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,109,426</u>	<u>146,256</u>	<u>103,610</u>	<u>1,359,292</u>
Capital contributions	2,325,000	-	-	2,325,000
Transfers out	(955,000)	-	-	(955,000)
<b>CHANGE IN NET POSITION</b>	<u>2,479,426</u>	<u>146,256</u>	<u>103,610</u>	<u>2,729,292</u>
<b>NET POSITION, BEGINNING</b>	<u>1,958,927</u>	<u>15,172</u>	<u>773,903</u>	<u>2,748,002</u>
<b>NET POSITION, ENDING</b>	<u>\$ 4,438,353</u>	<u>\$ 161,428</u>	<u>\$ 877,513</u>	<u>\$ 5,477,294</u>

**CITY OF HEWITT, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds			Total Enterprise Funds
	Water, Sewer and Sanitation	ARPA	Non-major Stormwater Drainage	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 9,410,450	\$ -	\$ 525,024	\$ 9,935,474
Cash paid to suppliers	(4,676,128)	(285,565)	(241,989)	(5,203,682)
Cash paid to employees	(761,491)	-	(78,851)	(840,342)
Net cash provided (used) by operating activities	<u>3,972,831</u>	<u>(285,565)</u>	<u>204,184</u>	<u>3,891,450</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to other funds	<u>(955,000)</u>	-	-	(955,000)
Net cash provided (used) by noncapital financing activities	<u>(955,000)</u>	-	-	(955,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(69,363)	-	(12,506)	(81,869)
Principal paid on capital debt	(1,471,642)	-	(81,124)	(1,552,766)
Interest and other charges paid on debt	<u>(696,998)</u>	-	<u>(4,424)</u>	<u>(701,422)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,238,003)</u>	-	<u>(98,054)</u>	<u>(2,336,057)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>360,204</u>	<u>146,256</u>	<u>14,533</u>	<u>520,993</u>
Net cash provided (used) by investing activities	<u>360,204</u>	<u>146,256</u>	<u>14,533</u>	<u>520,993</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b><u>1,140,032</u></b>	<b><u>(139,309)</u></b>	<b><u>120,663</u></b>	<b><u>1,121,386</u></b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b><u>8,350,994</u></b>	<b><u>3,672,198</u></b>	<b><u>375,780</u></b>	<b><u>12,398,972</u></b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b><u>\$ 9,491,026</u></b>	<b><u>\$ 3,532,889</u></b>	<b><u>\$ 496,443</u></b>	<b><u>\$ 13,520,358</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Net operating income	1,469,285	(261,317)	89,740	1,297,708
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,428,481	-	132,119	2,560,600
(Increase) decrease in:				
Accounts receivable	(145,450)	-	(6,073)	(151,523)
Deferred outflows related to pensions	(179,178)	-	(45,457)	(224,635)
Increase (decrease) in:				
Accounts payable	162,211	(24,248)	-	137,963
Accrued liabilities	1,000	-	(107)	893
Due to other funds	-	-	-	-
Customer deposits	16,816	-	-	16,816
Compensated absences	(276)	-	(4,988)	(5,264)
Net pension liability	336,449	-	87,625	424,074
Deferred inflows related to pensions	<u>(116,507)</u>	-	<u>(48,675)</u>	<u>(165,182)</u>
Net cash provided (used) by operations	<u>\$ 3,972,831</u>	<u>\$ (285,565)</u>	<u>\$ 204,184</u>	<u>\$ 3,891,450</u>
<b>SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ 2,325,000	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

## CITY OF HEWITT, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **A. Government-wide Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### **B. Measurement Focus/Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are considered to be measurable and available only when cash is received by the City.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

The **Capital Projects Fund** is used to provide funding for non-routine general City projects. These projects are typically significant in cost. The projects are funded through the issuance of certificates of obligation and, if needed, operating transfers from the General Fund.

The City has presented the following major proprietary fund:

The **Water, Sewer, and Sanitation Fund** is used to account for the activities of the water distribution system, the sewage treatment plan, sewage pumping stations and collection systems, and sanitation services.

The **ARPA Fund** is used to account for the spending and projects funded by the Coronavirus State and Local Fiscal Recovery. The revenue and expenditures in this fund are required to be reported annually until all the grant funds are expended.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds 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 the proprietary fund include the cost of sales and services, administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

## **C. Cash and Investments**

The City's cash and cash equivalents, for purposes of reporting cash flows of the proprietary fund, consist of cash on hand, demand deposits, certificate of deposits, and deposits in public funds investment pools.

State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, guaranteed investment contracts, repurchase agreements, and certain governmental investment pools. The City's local investment policy limits the City to invest in U.S. Treasury and agency securities, certificate of deposits, fully collateralized repurchase agreements secured by U.S. Treasury and agency securities, and public funds investment pools.

Investments in government pools are recorded at fair value, except for public funds investment pools. The public funds investment pools operate in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the amortized cost of the pool shares.

#### **D. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

#### **E. Restricted Assets**

Restricted cash accounts in the water and sewer fund are used to report (1) unspent bond proceeds, (2) bond debt reserve funds.

#### **F. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, infrastructure, water, sewer, and drainage facilities, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Assets capitalized, not including infrastructure assets, have an original cost of \$7,500 or more and a useful life of over one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized and are reported as expenses.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Years
Buildings and improvements	40
Water, sewer, and drainage systems	25 - 40
Infrastructure	5 - 40
Machinery and equipment	5 - 10

#### **G. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or 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 net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

#### **H. Pensions**

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

#### **I. Other Post-Employment Benefits**

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

#### **J. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **K. Long-term Obligations**

In the government-wide financial statements and the proprietary fund in the fund financial statements, the 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. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

## **L. Fund Balance**

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

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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

## **M. Net Position**

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **N. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## 2. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash Equivalents and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit.

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The City's investments for the year ended September 30, 2023 are as follows:

	Carrying Value	Weighted Average Maturity (Days)
Primary government:		
First National Bank	\$ 7,658,880	254
Alliance Bank	5,430,455	131
East West Bank	2,789,753	142
Southside Bank	3,512,197	342
Total primary government	<u>\$ 19,391,285</u>	
Portfolio weighted average maturity		219

Credit risk – In conformance with the City's investment policy, the City has limited credit risk by investing in only the safest type of securities as allowed by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest rate risk – The City, in compliance with its investment policy, invests in short-term securities to protect market valuation from unanticipated rate movements. In addition, the City will not directly invest in securities maturing more than five years from the date of purchase.

Concentration of credit risk – The City uses one local government investment pool and four certificates of deposit to diversify risk.

Custodial credit risk – The City requires all bank deposits to be collateralized at a level not less than the total deposits. At September 30, 2023, the carrying value of the City's bank deposits was entirely covered by federal depository insurance or by collateral held by the agent in the City's name.

## B. Receivables

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

	General	Other Nonmajor Governmental	Water, Sewer and Sanitation	Nonmajor Stormwater Drainage	Total
Receivables:					
Property taxes	\$ 165,408	\$ -	\$ -	\$ -	\$ 165,408
Sales and franchise taxes	-	-	-	-	975,070
Hotel occupancy taxes	975,070	-	-	-	23,589
Fines	-	23,589	-	-	111,788
Accounts	111,788	-	2,041,924	87,129	2,129,053
Other	55,268	-	125	-	55,393
Gross Receivables	1,307,534	23,589	2,042,049	87,129	3,460,301
Less: allowance for doubtful accounts	(83,841)	-	(471,093)	(14,434)	(569,368)
	<u>\$ 1,223,693</u>	<u>\$ 23,589</u>	<u>\$ 1,570,956</u>	<u>\$ 72,695</u>	<u>\$ 2,890,933</u>

## C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,405,058	\$ -	\$ -	\$ 2,405,058
Construction in progress	401,708	366,967	401,708	366,967
Total capital assets not being depreciated	<u>2,806,766</u>	<u>366,967</u>	<u>401,708</u>	<u>2,772,025</u>
Capital assets being depreciated:				
Buildings and improvements	10,903,630	78,534	-	10,982,164
Infrastructure	45,675,552	3,437,697	-	49,113,249
Machinery and equipment	6,318,525	1,327,428	-	7,645,953
Total capital assets being depreciated	<u>62,897,707</u>	<u>4,843,659</u>	<u>-</u>	<u>67,741,366</u>
Less accumulated depreciation for:				
Buildings and improvements	2,266,512	272,861	-	2,539,373
Infrastructure	32,683,972	1,158,365	-	33,842,337
Machinery and equipment	5,183,966	755,338	-	5,939,304
Total accumulated depreciation	<u>40,134,450</u>	<u>2,186,564</u>	<u>-</u>	<u>42,321,014</u>
Total capital assets depreciated, net	<u>22,763,257</u>	<u>2,657,095</u>	<u>-</u>	<u>25,420,352</u>
Governmental activities, capital assets, net	<u>\$ 25,570,023</u>	<u>\$ 3,024,062</u>	<u>\$ 401,708</u>	<u>\$ 28,192,377</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 554,444	\$ -	\$ -	\$ 554,444
Construction in progress	344,076	-	344,076	-
Total capital assets not being depreciated	<u>898,520</u>	<u>-</u>	<u>344,076</u>	<u>554,444</u>
Capital assets being depreciated:				
Buildings and improvements	1,028,526	-	-	1,028,526
Water system facilities	32,781,458	1,413,746	-	34,195,204
Sewer system facilities	11,568,572	1,275,000	-	12,843,572
Drainage system facilities	997,220	-	-	997,220
Machinery and equipment	2,927,754	62,195	-	2,989,949
Total capital assets being depreciated	<u>49,303,530</u>	<u>2,750,941</u>	<u>-</u>	<u>52,054,471</u>
Less accumulated depreciation for:				
Buildings and improvements	356,764	20,366	-	377,130
Water system facilities	23,176,395	1,780,320	-	24,956,715
Sewer system facilities	8,605,275	525,835	-	9,131,110
Drainage system facilities	545,617	55,401	-	601,018
Machinery and equipment	2,502,862	178,678	-	2,681,540
Total accumulated depreciation	<u>35,186,913</u>	<u>2,560,600</u>	<u>-</u>	<u>37,747,513</u>
Total capital assets depreciated, net	<u>14,116,617</u>	<u>190,341</u>	<u>-</u>	<u>14,306,958</u>
Business-type activities, capital assets, net	<u>\$ 15,015,137</u>	<u>\$ 190,341</u>	<u>\$ 344,076</u>	<u>\$ 14,861,402</u>

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

<u>Governmental activities:</u>	
General government	\$ 75,360
Public safety	831,398
Streets	1,154,924
Culture and recreation	<u>124,882</u>
Total governmental activities	\$ <u>2,186,564</u>
<u>Business-type activities:</u>	
Water, sewer, and sanitation	\$ 2,428,481
Stormwater drainage	<u>132,119</u>
Total business-type activities	\$ <u>2,560,600</u>

#### **D. Interfund Transfers**

Interfund activity for the year ended September 30, 2023, is as follows:

Transfer From	Transfer To	Amount
Water, Sewer and Sanitation	General Fund	\$ 955,000
Total		\$ 955,000

The transfer from the Water, Sewer and Sanitation Fund to the General Fund was for franchise fees, administrative costs, and a payment in lieu of tax.

#### **E. Unearned Revenue**

As September 30, 2023, the ARPA fund reported unearned revenue in the amount of \$3,371,461 for payments received under the Coronavirus State and Local Fiscal Recovery Fund that have not yet been spent.

#### **F. Long-term Debt**

Long-term liabilities consist of bonded indebtedness, financing arrangements, compensated absences. The City issues certificates of obligation to provide funds for the acquisition and construction of major capital facilities and pledges income derived from the acquired or constructed assets to pay debt service. Financing arrangements are issued for the acquisition of equipment and other machinery. Financing arrangements, and compensated absences, are generally liquidated by the general fund and the enterprise funds.

During fiscal year 2023, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2023, in the amount of \$5,915,000. The bonds carry an interest rate between 4% and 5% and will mature in July 2043. Proceeds from the bonds will be used for construction, improvement and equipment of public safety facilities including a new fire station as well as other infrastructure projects.

The following is a summary of changes in long-term liabilities for the year ended September 30, 2023.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Certificates of obligation	\$ 22,537,160	\$ 5,915,000	\$ 1,335,250	\$ 27,116,910	\$ 1,472,795
General refunding bonds	596,250	-	294,150	302,100	302,100
Premium on bonds	749,903	241,375	51,825	939,453	-
Financing arrangements	716,678	315,000	261,897	769,781	367,945
Compensated absences	752,426	311,603	311,320	752,709	188,180
<b>Total</b>	<b>\$ 25,352,417</b>	<b>\$ 6,782,978</b>	<b>\$ 2,254,442</b>	<b>\$ 29,880,953</b>	<b>\$ 2,331,020</b>
<b>Business-type activities:</b>					
Certificates of obligation	\$ 14,812,840	\$ -	\$ 549,750	\$ 14,263,090	\$ 567,205
General refunding bonds	5,578,750	-	685,850	4,892,900	707,900
Premium on bonds	511,742	-	48,736	463,006	-
Financing arrangements	525,426	-	268,429	256,997	132,939
Compensated absences	85,732	40,042	45,307	80,467	20,117
<b>Total</b>	<b>\$ 21,514,490</b>	<b>\$ 40,042</b>	<b>\$ 1,598,072</b>	<b>\$ 19,956,460</b>	<b>\$ 1,428,161</b>

### **Bonded Debt**

For governmental activities, bonds payable at September 30, 2023, are comprised of the following individual issues:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
<b>Governmental Activities</b>				
Certificates of Obligation				
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2010	\$ 2,200,000	1.00% - 3.85%	2030	\$ 1,595,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2012	2,905,000	1.50% - 3.00%	2032	1,561,910
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2013	3,850,000	2.00% - 3.60%	2038	2,690,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2014	6,835,000	2.00% - 4.00%	2034	4,375,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2016B	3,355,000	0.80% - 2.75%	2036	2,460,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2017	4,860,000	3.00% - 4.00%	2038	3,820,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2022	4,925,000	3.00% - 5.00%	2042	4,700,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2023	5,940,000	4.00% - 5.00%	2043	<u>5,915,000</u>
Total certificates of obligation				<u>27,116,910</u>
General Refunding Bonds				
General Obligation Refunding Bonds, Series 2013	\$ 3,570,000	3.00% - 4.63%	2037	<u>302,100</u>
Total General Refunding Bonds				<u>302,100</u>
<b>Total bonded debt - governmental activities</b>				<b>\$ 27,419,010</b>

Annual debt service requirements to maturity for governmental activities are as follows:

Year Ended September 30,	Principal	Interest
2024	\$ 1,774,895	\$ 983,316
2025	1,668,455	942,167
2026	1,720,341	878,952
2027	1,796,000	813,193
2028	1,861,659	746,243
2029-2033	8,857,660	2,683,303
2034-2038	6,495,000	1,264,305
2039-2043	<u>3,245,000</u>	<u>363,563</u>
	<u>\$ 27,419,010</u>	<u>\$ 8,675,042</u>

For business-type activities, bonds outstanding at September 30, 2023 are comprised of the following issues:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
<b>Business-type Activities</b>				
Certificates of Obligation				
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2010	\$ 9,975,000	3.00% - 4.63%	2037	\$ 7,455,000
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2012	4,795,000	1.50% - 3.00%	2032	2,578,090
Combination Tax and Limited Surplus				
Certificates of Obligation, Series 2016	6,195,000	2.00% - 3.38%	2035	<u>4,230,000</u>
Total certificates of obligation				<u>14,263,090</u>
General Refunding Bonds				
General Obligation Refunding				
Bonds, Series 2013	\$ 3,570,000	0.50% - 3.00%	2024	267,900
General Obligation Refunding				
Bonds, Series 2015	\$ 5,555,000	2.00% - 4.00%	2032	<u>4,625,000</u>
Total General Refunding Bonds				<u>4,892,900</u>
Total bonded debt - business-type activities				\$ 19,155,990

For business-type activities, annual debt service requirements to maturity are as follows:

Year Ended September 30,	Principal	Interest
2024	\$ 1,275,105	\$ 708,774
2025	1,256,545	673,469
2026	1,294,659	634,684
2027	1,339,000	592,418
2028	1,383,341	548,199
2029-2033	7,432,340	1,967,847
2034-2037	<u>5,175,000</u>	<u>549,675</u>
	<u>\$ 19,155,990</u>	<u>\$ 5,675,066</u>

The City is required under provisions of the combination tax and limited surplus certificates of obligation to maintain interest and sinking funds adequate for payments of principal and interest. Proceeds from the bonds provide financing for the construction of water and wastewater infrastructure. The total principal interest remaining to be paid on the bonds \$24.8 million.

### **Financing Arrangements**

The City finances the acquisition of certain vehicles, heavy equipment, wireless water meters, and computer equipment under noncancelable financing arrangements that expire over the next four years. The arrangements carry interest rates ranging from 1.23% to 4.27% and interest expense for the year was \$13,504. Assets under financing arrangements at September 30, 2023 consisted of the following:

Annual debt service requirements to maturity are as follows:

Year Ended September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 367,945	\$ 21,545	\$ 132,939	\$ 4,333
2025	232,676	11,713	94,682	1,798
2026	169,160	5,407	29,376	361
	<u>\$ 769,781</u>	<u>\$ 38,665</u>	<u>\$ 256,997</u>	<u>\$ 6,492</u>

## **G. Employee Retirement Systems**

### **Defined Benefit Pension Plan – Texas Municipal Retirement System**

#### **Plan Descriptions**

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

#### **Benefits Provided**

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

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

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	60/5, 0/20
Updated service credit	100% repeating
Annuity increase to retirees	70% of CPI repeating

## **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	41
Inactive employees entitled to but not yet receiving benefits	75
Active employees	98
Total	<u>214</u>

## **Contributions**

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 16.28% for the calendar year 2023. The City's contributions to TMRS for the fiscal year ended September 30, 2023 was \$1,098,3982.

## **Net Pension Liability**

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

## **Actuarial assumptions**

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

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	<u>100.0%</u>	

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 period of projected benefit payments to determine the Total Pension Liability.

### **Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 25,625,940	\$ 23,583,027	\$ 2,042,913
Changes for the year:			
Service cost	1,157,534	-	1,157,534
Interest	1,738,244	-	1,738,244
Difference between expected and actual experience	806,939	-	806,939
Contributions - employer	-	988,728	(988,728)
Contributions - employee	-	444,229	(444,229)
Net investment income	-	(1,723,851)	1,723,851
Benefit payments, including refunds of employee contributions	(905,880)	(905,880)	-
Administrative expense	-	(14,897)	14,897
Other changes	-	17,776	(17,776)
Net changes	<u>2,796,837</u>	<u>(1,193,895)</u>	<u>3,990,732</u>
Balance at 12/31/2022	<u>\$ 28,422,777</u>	<u>\$ 22,389,132</u>	<u>\$ 6,033,645</u>

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/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 10,620,166	\$ 6,033,645	\$ 2,331,110

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained on the Internet at [www.tmrs.org](http://www.tmrs.org).

### **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 in the governmental activities and business-type activities in the amounts of \$1,303,339 and 156,750, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 938,714	\$ 207,475
Changes in actuarial assumptions	15,936	-
Difference between projected and actual investment earnings	1,549,285	-
Contributions subsequent to the measurement date	860,744	-
<b>Total</b>	<b>\$ 3,364,679</b>	<b>\$ 207,475</b>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2024	\$ 296,880
2025	631,245
2026	640,271
2027	728,064

### **H. Defined Other Post-Employment Benefit Plans**

#### **Plan Description**

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identical to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

## **Benefits Provided**

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	10
Active employees	98
Total	<u>137</u>

## **Contributions**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.15% for 2023 and 0.23% for 2022, of which 0.06% and 0.05%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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. The City's contributions to the SDBF for the year ended September 30, 2023 was \$14,087 representing contributions for both active and retiree coverage, which equaled the required contributions.

## **Total OPEB Liability**

The City's total OPEB liability of \$179,708 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

## **Actuarial Assumptions**

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

Inflation	2.50%
Discount rate	4.05%
Actuarial cost method	Entry Age Method
Salary increases	3.50% to 11.5% including inflation

Mortality rates were updated and are based upon the sex distinct PUB 2010 general employee mortality table with mortality improvement scale MP-2019. Per capita costs for Pre-65 retirees were derived based upon the fully insured rates on a retiree-only experience basis. Medicare eligible retirees are assumed to rescind the City's plan and take Medicare coverage. Any Medicare Part D subsidy was not reflected in the estimate. The participation rate for future retirees is based upon years of service at retirement. Any participant that retires prior to age 50 is assumed to waive the City's healthcare plan. For any future retiree assumed to elect retiree healthcare, their spouse is assumed to waive coverage. 40% of retirees are assumed to drop coverage at the time the employer subsidy ends. The per capita claims costs include a 7% load for administrative expenses and a 10% load for stop loss premiums where both are assumed to escalate with the healthcare trend rates each year.

The discount rate of 4.05% is based upon the yield of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The other financial assumptions for long-term inflation, payroll growth, and salary scale were taken from the TMRS actuary study.

## Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 261,001
Changes for the year:	
Service cost	20,308
Interest	4,954
Difference between expected and actual experience	(49)
Changes of assumptions or other inputs	(102,698)
Benefit payments	<u>(3,808)</u>
Net changes	<u>(81,293)</u>
Balance at 12/31/2022	<u>\$ 179,708</u>

Changes in assumptions reflect a change in the discount rate from 1.84% to 4.05%.

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 218,975	\$ 179,708	\$ 149,268

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2023, the City recognized OPEB expense in the governmental activities in the amounts of \$17,054. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period. At September 30, 2023, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 17,924
Changes in actuarial assumptions	-	47,809
Contributions subsequent to the measurement date	<u>3,172</u>	<u>-</u>
	<u>\$ 3,172</u>	<u>\$ 65,733</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year  
Ended September 30

2024	\$ (8,208)
2025	(9,258)
2026	(8,846)
2027	(10,975)
2028	(14,409)
2029	(14,037)

## **I. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has joined together with other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property, and workmen's compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

## **J. Other Significant Commitments**

The City has contracted with Republic Services, Inc. for the collection and disposal of refuse and recyclable materials. The City negotiated a collection contract, with an effective date of July 1, 2019, for a term of five years, with the option to renew and extend the contract for another five years. Under the terms of the contract, the City will be responsible for residential billing and collection of fees. Contractor bills the city for services rendered. Total invoices paid to the company during the fiscal year were \$1,312,655.

In order to provide a long-term, reliable water supply, the City entered into an agreement with the City of Waco on October 1, 2019, for a term of twenty-five years, with the option for either party to renew and extend the contract for another twenty years. The contract expires on September 30, 2045. Payments during the fiscal year were \$1,037,162.

On October 1, 2019, the City entered into an agreement with five neighboring cities (the "conveying cities") and the City of Waco in which each conveying city transferred their respective ownership of the joint venture to the City of Waco. The City of Waco operates the system, called the Waco Metropolitan Area Regional Sewer System ("WMARSS"), a wastewater treatment effort with two current treatment facilities. The WMARSS entered into a wholesale wastewater agreement with each conveying city. During the fiscal year, the City made payments of \$769,619 under this contract.

## **K. Significant Forthcoming Pronouncements**

A summary of pronouncements issued by the Government Accounting Standards Board ("GASB") which may impact the City but are not yet effective follows. The City has not yet determined the effects of the adoption of the pronouncements on the financial statements.

Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF HEWITT, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,007,277	\$ 7,007,277	\$ 6,927,796	\$ (79,481)
Sales	3,500,000	3,500,000	4,377,727	877,727
Franchise	908,800	908,800	952,332	43,532
Licenses and permits	110,500	110,500	254,700	144,200
Intergovernmental	259,202	259,202	455,052	195,850
Charges for services	25,000	25,000	30,350	5,350
Fines	196,000	196,000	122,365	(73,635)
Investment earnings	30,000	30,000	487,231	457,231
Miscellaneous	<u>71,000</u>	<u>71,000</u>	<u>78,513</u>	<u>7,513</u>
Total revenues	<u>12,107,779</u>	<u>12,107,779</u>	<u>13,686,066</u>	<u>1,578,287</u>
<b>EXPENDITURES</b>				
Current				
General government	1,676,419	1,676,419	1,860,021	(183,602)
Public safety	6,374,370	6,374,370	6,465,860	(91,490)
Public works	1,093,596	1,093,596	1,175,774	(82,178)
Culture and recreation	859,448	859,448	866,270	(6,822)
Debt service				
Principal	1,891,297	1,891,297	1,891,297	-
Interest	797,647	797,647	795,546	2,101
Capital outlay	<u>313,431</u>	<u>313,431</u>	<u>472,618</u>	<u>(159,187)</u>
Total expenditures	<u>13,006,208</u>	<u>13,006,208</u>	<u>13,527,386</u>	<u>(521,178)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(898,429)	(898,429)	158,680	2,099,465
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of financing arrangements	-	-	315,000	315,000
Transfers in	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>	<u>-</u>
Total other financing sources (uses)	<u>955,000</u>	<u>955,000</u>	<u>1,270,000</u>	<u>315,000</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>56,571</u>	<u>56,571</u>	<u>1,428,680</u>	<u>1,372,109</u>
<b>FUND BALANCES, BEGINNING</b>				
	<u>9,958,862</u>	<u>9,958,862</u>	<u>9,958,862</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>				
	<u>\$ 10,015,433</u>	<u>\$ 10,015,433</u>	<u>\$ 11,387,542</u>	<u>\$ 1,372,109</u>

**CITY OF HEWITT, TEXAS**

**NOTES TO BUDGETARY INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**BUDGETARY INFORMATION**

An annual budget is legally adopted for all city funds including Operating, Special and Capital Projects Funds. Prior to the beginning of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing those expenditures.

Public hearings are conducted at which all interested persons' comments concerning the budget are heard. Prior to September 30, the budget is legally enacted through passage of an ordinance by the City Council.

The appropriated budget is prepared by fund and department. Encumbrance accounting is not utilized by the City. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, transfers of appropriations between funds requires approval by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. No supplementary budgetary appropriations were made during the year.

In order to provide a meaningful comparison of actual results with the budget, the actual and budget amounts are presented in accordance with the City's budgetary basis in the financial statements of the individual funds.

**CITY OF HEWITT, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Measurement Date December 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>A. Total pension liability</b>			
Service Cost	\$ 562,384	\$ 677,066	\$ 789,084
Interest (on the Total Pension Liability)	968,575	1,069,693	1,113,527
Difference between expected and actual experience	289,232	82,445	232,482
Change of assumptions	-	(99,647)	-
Benefit payments, including refunds of employee contributions	<u>(410,019)</u>	<u>(455,951)</u>	<u>(684,443)</u>
Net change in total pension liability	1,410,172	1,273,606	1,450,650
Total pension liability - beginning	<u>13,760,604</u>	<u>15,170,776</u>	<u>16,444,382</u>
Total pension liability - ending (a)	<u>\$ 15,170,776</u>	<u>\$ 16,444,382</u>	<u>\$ 17,895,032</u>
<b>B. Plan fiduciary net position</b>			
Contributions - employer	\$ 567,026	\$ 611,595	\$ 689,247
Contributions - employee	268,007	279,449	315,470
Net investment income	631,326	17,826	846,118
Benefit payments, including refunds of employee contributions	<u>(410,019)</u>	<u>(455,951)</u>	<u>(684,443)</u>
Administrative expenses	<u>(6,591)</u>	<u>(10,861)</u>	<u>(9,560)</u>
Other	<u>(542)</u>	<u>(535)</u>	<u>(515)</u>
Net change in plan fiduciary net position	1,049,207	441,523	1,156,317
Plan fiduciary net position - beginning	<u>11,034,947</u>	<u>12,084,154</u>	<u>12,525,677</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,084,154</u>	<u>\$ 12,525,677</u>	<u>\$ 13,681,994</u>
<b>C. Net pension liability - ending (a) - (b)</b>			
	<u>\$ 3,086,622</u>	<u>\$ 3,918,705</u>	<u>\$ 4,213,038</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>			
	79.65%	76.17%	76.46%
<b>E. Covered payroll</b>			
	\$ 3,828,666	\$ 3,992,134	\$ 4,488,532
<b>F. Net position liability as a percentage of covered payroll</b>			
	80.62%	98.16%	93.86%

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 822,083	\$ 838,824	\$ 842,000	\$ 933,172	\$ 1,018,441	\$ 1,157,534
1,209,174	1,289,282	1,384,349	1,494,824	1,571,824	1,738,244
(95,913)	6,076	756	(633,793)	586,909	806,939
-	-	94,624	-	-	-
<u>(784,782)</u>	<u>(729,056)</u>	<u>(725,683)</u>	<u>(735,615)</u>	<u>(656,588)</u>	<u>(905,880)</u>
1,150,562	1,405,126	1,596,046	1,058,588	2,520,586	2,796,837
<u>17,895,032</u>	<u>19,045,594</u>	<u>20,450,720</u>	<u>22,046,766</u>	<u>23,105,354</u>	<u>25,625,940</u>
<u>\$ 19,045,594</u>	<u>\$ 20,450,720</u>	<u>\$ 22,046,766</u>	<u>\$ 23,105,354</u>	<u>\$ 25,625,940</u>	<u>\$ 28,422,777</u>
 \$ 721,451	\$ 747,341	\$ 757,848	\$ 797,653	\$ 922,997	\$ 988,728
321,665	328,399	336,608	360,696	393,004	444,229
1,895,854	(474,030)	2,427,887	1,403,594	2,647,453	(1,723,851)
<u>(784,782)</u>	<u>(729,056)</u>	<u>(725,683)</u>	<u>(735,615)</u>	<u>(656,588)</u>	<u>(905,880)</u>
<u>(9,827)</u>	<u>(9,162)</u>	<u>(13,705)</u>	<u>(9,073)</u>	<u>(12,238)</u>	<u>(14,897)</u>
<u>(499)</u>	<u>(479)</u>	<u>(411)</u>	<u>(352)</u>	<u>84</u>	<u>17,775</u>
2,143,862	(136,987)	2,782,544	1,816,903	3,294,712	(1,193,896)
<u>13,681,994</u>	<u>15,825,856</u>	<u>15,688,869</u>	<u>18,471,413</u>	<u>20,288,316</u>	<u>23,583,028</u>
<u>\$ 15,825,856</u>	<u>\$ 15,688,869</u>	<u>\$ 18,471,413</u>	<u>\$ 20,288,316</u>	<u>\$ 23,583,028</u>	<u>\$ 22,389,132</u>
<u>\$ 3,219,738</u>	<u>\$ 4,761,851</u>	<u>\$ 3,575,353</u>	<u>\$ 2,817,038</u>	<u>\$ 2,042,912</u>	<u>\$ 6,033,645</u>
 83.09%	76.72%	83.78%	87.81%	92.03%	78.77%
\$ 4,595,210	\$ 4,691,408	\$ 4,808,681	\$ 5,152,801	\$ 5,614,336	\$ 6,346,131
 70.07%	101.50%	74.35%	54.67%	36.39%	95.08%

**CITY OF HEWITT, TEXAS**

**SCHEDULE OF TMRS CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year September 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarial determined contribution	\$ 590,017	\$ 668,083	\$ 710,979
Contributions in relation to the actuarially determined contribution	<u>(590,017)</u>	<u>(668,083)</u>	<u>(710,979)</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	3,885,239	4,362,967	4,611,360
Contributions as a percentage of covered payroll	15.19%	15.31%	15.42%

**NOTES TO SCHEDULE OF TMRS CONTRIBUTIONS**

**Valuation Date** 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	24 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	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.

Note: The schedule is intended to show 10 years of information, additional years will be presented as it becomes available.

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 728,018	\$ 751,097	\$ 822,591	\$ 896,485	\$ 982,080	\$ 1,098,392
<u>(728,018)</u>	<u>(751,097)</u>	<u>(822,591)</u>	<u>(896,485)</u>	<u>(982,080)</u>	<u>(1,098,392)</u>
-	-	-	-	-	-
4,587,966	4,751,386	5,288,613	5,526,772	6,170,429	6,812,465
15.87%	15.81%	15.55%	16.22%	15.92%	16.12%

**CITY OF HEWITT, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM  
SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Measurement Date December 31,</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>A. Total OPEB liability</b>			
Service Cost	\$ 7,812	\$ 9,383	\$ 8,656
Interest (on the Total OPEB Liability)	5,327	5,577	6,088
Differences between expected and actual experience	-	(5,324)	(7,878)
Changes of assumptions	14,550	(12,716)	34,058
Benefit payments, including refunds of employee contributions	<u>(919)</u>	<u>(938)</u>	<u>(962)</u>
Net change in Total OPEB liability	26,770	(4,018)	39,962
Total OPEB liability - beginning	<u>137,488</u>	<u>164,258</u>	<u>160,240</u>
Total OPEB liability - ending (a)	<u>\$ 164,258</u>	<u>\$ 160,240</u>	<u>\$ 200,202</u>
<b>B. Covered-employee payroll</b>			
<b>C. Total OPEB liability as a percentage of covered-employee payroll</b>			
	4,595,210	4,691,408	4,808,681
	3.57%	3.42%	4.16%

**Notes to Schedule:**

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- The changes of assumptions generally includes the annual change in the municipal bond index rate.

	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	12,882	\$ 17,966	\$ 20,308
	5,669	4,944	4,954
	(12,752)	(7,510)	(49)
	34,949	9,051	(102,698)
	<u>(1,031)</u>	<u>(3,369)</u>	<u>(3,808)</u>
	39,717	21,082	(81,293)
	<u>200,202</u>	<u>239,919</u>	<u>261,001</u>
\$	<u>239,919</u>	<u>\$ 261,001</u>	<u>\$ 179,708</u>
	5,152,801	5,614,336	6,346,131
	4.66%	4.65%	2.83%

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

***Hotel/Motel Tax Fund*** – This fund is used to account for the occupancy tax collected by hotels and motels located in the City. Funds from this account are used to promote “heads in beds” sometimes called the “Texas Two-Step” where sponsored activities draw those from outside the city who will likely be staying in hotels.

***PEG Fund*** – This fund is established to account for the funds received for professional, educational, and governmental communications. Funds from this account are limited to specific communications uses.

***Child Safety Fee Fund*** – This fund is used to account for child safety fees and limited to specific safety related training uses.

**CITY OF HEWITT, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2023

	Hotel / Motel Tax	PEG	Child Safety Fee	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 259,602	\$ 483,391	\$ 154,946	\$ 897,939
Accounts receivable, net	<u>23,589</u>	<u>-</u>	<u>-</u>	<u>23,589</u>
Total assets	<u><u>283,191</u></u>	<u><u>483,391</u></u>	<u><u>154,946</u></u>	<u><u>921,528</u></u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Tourism	283,191	-	-	283,191
Municipal information	<u>-</u>	<u>483,391</u>	<u>-</u>	<u>483,391</u>
Public safety	<u>-</u>	<u>-</u>	<u>154,946</u>	<u>154,946</u>
Total fund balances	<u><u>283,191</u></u>	<u><u>483,391</u></u>	<u><u>154,946</u></u>	<u><u>921,528</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 283,191</u></u>	<u><u>\$ 483,391</u></u>	<u><u>\$ 154,946</u></u>	<u><u>\$ 921,528</u></u>

**CITY OF HEWITT, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Hotel / Motel Tax	PEG	Child Safety Fee	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes:				
Hotel occupancy	\$ 180,255	\$ -	\$ -	\$ 180,255
Franchise	- -	31,570	- -	31,570
Fines	- -	- -	18,117	18,117
Investment earnings	8,659	17,133	5,391	31,183
Total revenues	<u>188,914</u>	<u>48,703</u>	<u>23,508</u>	<u>261,125</u>
<b>EXPENDITURES</b>				
Current				
General government	121,430	6,020	- -	127,450
Total expenditures	<u>121,430</u>	<u>6,020</u>	<u>- -</u>	<u>127,450</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>67,484</u>	<u>42,683</u>	<u>23,508</u>	<u>133,675</u>
<b>FUND BALANCES, BEGINNING</b>	<u>215,707</u>	<u>440,708</u>	<u>131,438</u>	<u>787,853</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 283,191</u>	<u>\$ 483,391</u>	<u>\$ 154,946</u>	<u>\$ 921,528</u>

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## **STATISTICAL SECTION**

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**Statistical Section**  
(Unaudited)

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

	<b><u>Page Number</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	48 – 57
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source – gas revenue, as well as its ability to generate its property taxes and information regarding its sales tax sources.	58 – 62
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	63 – 69
<b>Demographic and Economic Information</b> These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	70 – 74
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	75 – 78

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

**CITY OF HEWITT, TEXAS**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	<b>Fiscal Year</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Governmental activities:				
Net investment in capital assets	\$ 9,078,350	\$ 6,310,241	\$ 5,147,756	\$ 4,933,544
Restricted	1,803,573	1,606,369	1,552,315	1,362,342
Unrestricted	<u>6,895,760</u>	<u>5,954,317</u>	<u>3,669,261</u>	<u>2,216,839</u>
Total governmental activities	<u>\$ 17,777,683</u>	<u>\$ 13,870,927</u>	<u>\$ 10,369,332</u>	<u>\$ 8,512,725</u>
Business-type activities:				
Net investment in capital assets	\$ 2,324,110	\$ 1,596,257	\$ 1,936,099	\$ 3,058,886
Restricted	1,579,641	1,507,630	1,497,758	1,473,819
Unrestricted	<u>1,573,543</u>	<u>(355,885)</u>	<u>(1,968,329)</u>	<u>(2,791,629)</u>
Total business-type activities	<u>\$ 5,477,294</u>	<u>\$ 2,748,002</u>	<u>\$ 1,465,528</u>	<u>\$ 1,741,076</u>
Primary government:				
Net investment in capital assets	\$ 11,402,460	\$ 7,906,498	\$ 7,083,855	\$ 7,992,430
Restricted	3,383,214	3,113,999	3,050,073	2,836,161
Unrestricted	<u>8,469,303</u>	<u>5,598,432</u>	<u>1,700,932</u>	<u>(574,790)</u>
Total primary government	<u>\$ 23,254,977</u>	<u>\$ 16,618,929</u>	<u>\$ 11,834,860</u>	<u>\$ 10,253,801</u>

TABLE 1

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 5,261,923	\$ 3,720,418	\$ 3,316,858	\$ 2,742,077	\$ 4,369,473	\$ 4,441,956	
747,421	664,160	598,217	528,612	328,064	369,988	
<u>1,020,091</u>	<u>436,303</u>	<u>116,244</u>	<u>17,048</u>	<u>39,608</u>	<u>2,579,352</u>	
<u>\$ 7,029,435</u>	<u>\$ 4,820,881</u>	<u>\$ 4,031,319</u>	<u>\$ 3,287,737</u>	<u>\$ 4,737,145</u>	<u>\$ 7,391,296</u>	
\$ 3,928,630	\$ 4,121,226	\$ 4,167,825	\$ 2,383,188	\$ 5,907,012	\$ 6,368,778	
1,441,305	1,411,062	1,372,820	795,600	1,334,912	1,059,200	
<u>8,061,145</u>	<u>6,432,761</u>	<u>6,061,828</u>	<u>6,890,939</u>	<u>3,089,192</u>	<u>3,184,242</u>	
<u>\$ 13,431,080</u>	<u>\$ 11,965,049</u>	<u>\$ 11,602,473</u>	<u>\$ 10,069,727</u>	<u>\$ 10,331,116</u>	<u>\$ 10,612,220</u>	
\$ 9,190,553	\$ 7,841,644	\$ 7,484,683	\$ 5,125,265	\$ 10,276,485	\$ 10,810,734	
2,188,726	2,075,222	1,971,037	1,324,212	1,662,976	1,429,188	
<u>9,081,236</u>	<u>6,869,064</u>	<u>6,178,072</u>	<u>6,907,987</u>	<u>3,128,800</u>	<u>5,763,594</u>	
<u>\$ 20,460,515</u>	<u>\$ 16,785,930</u>	<u>\$ 15,633,792</u>	<u>\$ 13,357,464</u>	<u>\$ 15,068,261</u>	<u>\$ 18,003,516</u>	

**CITY OF HEWITT, TEXAS**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,120,349	\$ 1,659,976	\$ 2,200,241	\$ 2,302,122
Public safety	7,536,133	6,167,618	5,836,436	5,792,543
Streets	2,362,736	1,432,079	1,168,854	905,294
Culture and recreation	1,010,636	1,377,531	842,864	839,228
Bond issuance costs	-	-	-	-
Interest on long-term debt	951,119	801,909	640,760	651,361
Total governmental activities	<u>13,980,973</u>	<u>11,439,113</u>	<u>10,689,155</u>	<u>10,490,548</u>
Business-type activities:				
Water, sewer and sanitation	8,789,862	8,356,859	8,077,449	7,931,989
ARPA	261,317	-	-	-
Stormwater drainage	442,020	439,927	448,958	486,193
Total business-type activities	<u>9,493,199</u>	<u>8,796,786</u>	<u>8,526,407</u>	<u>8,418,182</u>
Total primary government	<u>\$ 23,474,172</u>	<u>\$ 20,235,899</u>	<u>\$ 19,215,562</u>	<u>\$ 18,908,730</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 254,700	\$ 242,394	\$ 218,267	\$ 142,407
Public safety	310,470	401,915	364,161	305,877
Streets	-	4,925	-	-
Culture and recreation	52,702	39,580	22,821	15,276
Operating grants and contributions	223,441	71,017	60,634	855,721
Capital grants and contributions	2,800,000	1,671,000	657,000	-
Total governmental activities	<u>3,641,313</u>	<u>2,430,831</u>	<u>1,322,883</u>	<u>1,319,281</u>
Business-type activities:				
Charges for services:				
Water, sewer and sanitation	9,539,084	9,159,382	8,188,417	7,925,925
Stormwater drainage	531,097	492,447	517,939	481,999
Capital grants and contributions	2,586,317	1,320,000	438,000	-
Total business-type activities	<u>12,656,498</u>	<u>10,971,829</u>	<u>9,144,356</u>	<u>8,407,924</u>
Total primary government	<u>\$ 16,297,811</u>	<u>\$ 13,402,660</u>	<u>\$ 10,467,239</u>	<u>\$ 9,727,205</u>

**TABLE 2**

Fiscal Year											
	2019		2018		2017		2016		2015		2014
\$	2,483,711	\$	2,438,820	\$	1,631,134	\$	2,339,790	\$	1,896,745	\$	1,969,178
5,168,107		4,730,176		4,698,414		4,166,333		3,952,175		3,742,199	
897,475		746,905		1,659,377		1,632,508		1,624,610		1,741,523	
780,253		717,371		714,377		575,926		506,422		404,841	
-		120,462		-		-		-		-	
<u>749,069</u>		<u>724,249</u>		<u>619,982</u>		<u>667,917</u>		<u>571,195</u>		<u>660,201</u>	
<u>10,078,615</u>		<u>9,477,983</u>		<u>9,323,284</u>		<u>9,382,474</u>		<u>8,551,147</u>		<u>8,517,942</u>	
8,022,576		8,007,911		7,651,272		8,039,501		7,451,538		8,081,126	
-		-		-		-		-		-	
<u>458,925</u>		<u>383,413</u>		<u>388,359</u>		<u>240,319</u>		<u>304,736</u>		<u>298,683</u>	
<u>8,481,501</u>		<u>8,391,324</u>		<u>8,039,631</u>		<u>8,279,820</u>		<u>7,756,274</u>		<u>8,379,809</u>	
<u>\$ 18,560,116</u>		<u>\$ 17,869,307</u>		<u>\$ 17,362,915</u>		<u>\$ 17,662,294</u>		<u>\$ 16,307,421</u>		<u>\$ 16,897,751</u>	
\$	130,421	\$	128,125	\$	183,187	\$	199,848	\$	111,019	\$	74,417
299,970		227,769		214,877		161,133		208,422		261,107	
-		-		-		-		440		16,392	
46,328		51,357		46,032		35,110		25,925		24,092	
12,789		15,310		51,575		29,600		6,626		15,957	
<u>1,800,000</u>		<u>625,000</u>		<u>877,000</u>		<u>95,457</u>		<u>112,760</u>		<u>85,288</u>	
<u>2,289,508</u>		<u>1,047,561</u>		<u>1,372,671</u>		<u>521,148</u>		<u>465,192</u>		<u>477,253</u>	
8,894,951		8,780,563		7,974,970		8,191,004		7,616,419		7,239,315	
465,755		439,626		308,759		304,805		299,426		256,645	
<u>1,255,000</u>		<u>314,516</u>		<u>839,000</u>		<u>-</u>		<u>401,650</u>		<u>-</u>	
<u>10,615,706</u>		<u>9,534,705</u>		<u>9,122,729</u>		<u>8,495,809</u>		<u>8,317,495</u>		<u>7,495,960</u>	
<u>\$ 12,905,214</u>		<u>\$ 10,582,266</u>		<u>\$ 10,495,400</u>		<u>\$ 9,016,957</u>		<u>\$ 8,782,687</u>		<u>\$ 7,973,213</u>	

**CITY OF HEWITT, TEXAS**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (10,339,660)	\$ (9,008,282)	\$ (9,366,272)	\$ (9,171,267)
Business-type activities	<u>3,163,299</u>	<u>2,175,043</u>	<u>617,949</u>	<u>(10,258)</u>
Total primary government	<u>(7,176,361)</u>	<u>(6,833,239)</u>	<u>(8,748,323)</u>	<u>(9,181,525)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	6,942,883	6,125,219	5,716,678	5,424,137
Sales	4,377,727	4,081,086	3,354,015	3,035,165
Franchise	983,902	968,297	927,331	946,835
Other	180,255	171,030	110,364	104,290
Investment earnings	730,727	93,846	65,524	123,791
Gain on sale of capital assets	-	31,903	-	-
Miscellaneous	75,922	83,496	93,967	65,339
Transfers	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>
Total governmental activities	<u>14,246,416</u>	<u>12,509,877</u>	<u>11,222,879</u>	<u>10,654,557</u>
Business-type activities:				
Investment earnings	520,993	61,503	61,503	188,372
Gain on sale of capital assets	-	-	-	-
Transfers	<u>(955,000)</u>	<u>(955,000)</u>	<u>(955,000)</u>	<u>(955,000)</u>
Total business-type activities	<u>(434,007)</u>	<u>(893,497)</u>	<u>(893,497)</u>	<u>(766,628)</u>
Total primary government	<u>13,812,409</u>	<u>11,616,380</u>	<u>10,329,382</u>	<u>9,887,929</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	3,906,756	3,501,595	1,856,607	1,483,290
Business-type activities	<u>2,729,292</u>	<u>1,281,546</u>	<u>(275,548)</u>	<u>(776,886)</u>
Total primary government	<u>\$ 6,636,048</u>	<u>\$ 4,783,141</u>	<u>\$ 1,581,059</u>	<u>\$ 706,404</u>

TABLE 2

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ (7,789,107)	\$ (8,430,422)	\$ (7,950,613)	\$ (8,861,326)	\$ (8,085,955)	\$ (8,040,689)
<u>2,134,205</u>	<u>1,143,381</u>	<u>1,083,098</u>	<u>215,989</u>	<u>561,221</u>	<u>(883,849)</u>
<u>(5,654,902)</u>	<u>(7,287,041)</u>	<u>(6,867,515)</u>	<u>(8,645,337)</u>	<u>(7,524,734)</u>	<u>(8,924,538)</u>
5,026,525	4,561,647	4,210,134	3,954,452	3,812,874	3,601,567
2,640,288	2,470,163	2,148,609	1,813,720	1,652,368	1,569,610
989,681	981,905	882,928	1,023,360	1,094,525	924,088
167,676	176,242	151,652	3,511	3,986	-
163,725	123,883	49,094	26,166	38,908	32,873
-	-	-	-	66,631	10,442
54,766	57,637	129,782	50,709	61,948	101,452
<u>955,000</u>	<u>980,000</u>	<u>925,000</u>	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>
<u>9,997,661</u>	<u>9,351,477</u>	<u>8,497,199</u>	<u>7,411,918</u>	<u>7,271,240</u>	<u>6,780,032</u>
286,826	199,195	96,408	53,957	31,321	35,306
-	-	-	8,665	6,500	46,000
<u>(955,000)</u>	<u>(980,000)</u>	<u>(925,000)</u>	<u>(540,000)</u>	<u>(540,000)</u>	<u>(540,000)</u>
<u>(668,174)</u>	<u>(780,805)</u>	<u>(828,592)</u>	<u>(477,378)</u>	<u>(502,179)</u>	<u>(458,694)</u>
<u>9,329,487</u>	<u>8,570,672</u>	<u>7,668,607</u>	<u>6,934,540</u>	<u>6,769,061</u>	<u>6,321,338</u>
2,208,554	921,055	546,586	(1,449,408)	(814,715)	(1,260,657)
<u>1,466,031</u>	<u>362,576</u>	<u>254,506</u>	<u>(261,389)</u>	<u>59,042</u>	<u>(1,342,543)</u>
<u>\$ 3,674,585</u>	<u>\$ 1,283,631</u>	<u>\$ 801,092</u>	<u>\$ (1,710,797)</u>	<u>\$ (755,673)</u>	<u>\$ (2,603,200)</u>

**CITY OF HEWITT, TEXAS****FUND BALANCES  
GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year			
	2023	2022	2021	2020
General fund				
Restricted	\$ 882,045	\$ 818,516	\$ 872,323	\$ 1,208,784
Unassigned	<u>10,505,497</u>	<u>9,140,346</u>	<u>7,266,805</u>	<u>5,980,505</u>
Total general fund	<u><u>\$ 11,387,542</u></u>	<u><u>\$ 9,958,862</u></u>	<u><u>\$ 8,139,128</u></u>	<u><u>\$ 7,189,289</u></u>
All other governmental funds				
Restricted	<u>\$ 10,933,735</u>	<u>\$ 6,124,042</u>	<u>\$ 1,593,859</u>	<u>\$ 2,298,797</u>
Total all other governmental funds	<u><u>\$ 10,933,735</u></u>	<u><u>\$ 6,124,042</u></u>	<u><u>\$ 1,593,859</u></u>	<u><u>\$ 2,298,797</u></u>

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 584,334 <u>4,624,694</u>	\$ 536,949 <u>3,828,297</u>	\$ 514,607 <u>3,058,799</u>	\$ 463,104 <u>2,754,567</u>	\$ 228,713 <u>3,173,500</u>	\$ 290,467 <u>2,845,720</u>
<u>\$ 5,209,028</u>	<u>\$ 4,365,246</u>	<u>\$ 3,573,406</u>	<u>\$ 3,217,671</u>	<u>\$ 3,402,213</u>	<u>\$ 3,136,187</u>
<u>\$ 2,969,591</u>	<u>\$ 4,901,662</u>	<u>\$ 2,605,080</u>	<u>\$ 3,545,261</u>	<u>\$ 4,699,139</u>	<u>\$ 8,174,017</u>
<u>\$ 2,969,591</u>	<u>\$ 4,901,662</u>	<u>\$ 2,605,080</u>	<u>\$ 3,545,261</u>	<u>\$ 4,699,139</u>	<u>\$ 8,174,017</u>

**CITY OF HEWITT, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year			
	2023	2022	2021	2020
<b>REVENUES</b>				
Property taxes	\$ 6,927,796	\$ 6,081,718	\$ 5,730,073	\$ 5,425,572
Sales taxes	4,377,727	4,081,086	3,354,015	3,035,165
Franchise taxes	983,902	968,297	927,331	946,835
Other taxes	180,255	171,030	110,364	104,290
Intergovernmental	455,052	266,063	216,200	1,064,728
Licenses and permits	254,700	242,394	218,267	142,407
Fines	140,482	208,045	184,838	109,284
Interest income	730,727	93,846	65,523	123,791
Miscellaneous	108,863	121,900	100,929	68,201
Total revenues	<u>14,159,504</u>	<u>12,234,379</u>	<u>10,907,540</u>	<u>11,020,273</u>
<b>EXPENDITURES</b>				
General government	1,987,471	1,635,763	1,522,618	1,468,690
Public safety	6,465,860	5,767,670	5,279,446	4,978,027
Streets	1,175,774	955,793	759,418	557,777
Culture and recreation	866,270	739,688	731,870	707,358
Capital outlay	2,008,913	783,475	1,507,615	1,002,669
Debt service				
Principal	1,891,297	1,567,866	1,535,187	1,511,604
Interest	795,546	808,978	687,995	717,677
Bond issuance	156,375	-	-	-
Advance refunding escrow	-	-	-	-
Total expenditures	<u>15,347,506</u>	<u>12,259,233</u>	<u>12,024,149</u>	<u>10,943,802</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(1,188,002)</u>	<u>(24,854)</u>	<u>(1,116,609)</u>	<u>76,471</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	955,000	955,000	955,000	955,000
Transfers out	-	-	-	-
Debt issued	5,915,000	4,925,000	-	-
Premium on debt issued	241,375	228,244	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance of leases	315,000	234,624	268,485	277,996
Sale of capital assets	-	31,903	138,025	-
Total other financing sources (uses)	<u>7,426,375</u>	<u>6,374,771</u>	<u>1,361,510</u>	<u>1,232,996</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>\$ 6,238,373</u></b>	<b><u>\$ 6,349,917</u></b>	<b><u>\$ 244,901</u></b>	<b><u>\$ 1,309,467</u></b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b><u>25.50%</u></b>	<b><u>24.24%</u></b>	<b><u>21.10%</u></b>	<b><u>22.40%</u></b>

TABLE 4

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 5,010,738	\$ 4,565,554	\$ 4,190,233	\$ 3,954,452	\$ 3,812,874	\$ 3,601,567	
2,640,288	2,470,163	2,148,609	1,813,720	1,652,368	1,569,610	
989,681	981,905	882,928	881,073	957,137	800,259	
167,676	176,242	151,652	152,419	141,374	123,829	
187,753	121,701	119,446	101,057	118,886	120,924	
130,421	128,125	183,187	218,114	125,174	103,814	
144,963	137,939	145,092	146,402	203,453	256,264	
163,725	123,883	49,094	26,166	38,908	32,874	
78,671	92,433	116,788	95,499	78,722	118,931	
<u>9,513,916</u>	<u>8,797,945</u>	<u>7,987,029</u>	<u>7,388,902</u>	<u>7,128,896</u>	<u>6,728,072</u>	
1,562,000	1,479,448	1,481,304	1,884,326	1,743,826	1,919,474	
4,466,000	4,318,624	4,181,739	3,725,241	3,447,235	3,223,550	
677,069	655,131	685,596	702,779	578,507	549,396	
647,633	598,804	594,712	539,749	470,439	382,270	
2,370,747	2,824,008	1,466,790	4,972,570	3,995,961	4,351,462	
1,336,472	1,214,193	1,027,945	984,466	707,640	715,951	
824,766	599,315	608,531	634,246	558,092	521,371	
-	-	-	-	-	-	
-	<u>120,462</u>	-	-	-	<u>11,678</u>	
<u>11,884,687</u>	<u>11,809,985</u>	<u>10,046,617</u>	<u>13,443,377</u>	<u>11,501,700</u>	<u>11,675,152</u>	
<u>(2,370,771)</u>	<u>(3,012,040)</u>	<u>(2,059,588)</u>	<u>(6,054,475)</u>	<u>(4,372,804)</u>	<u>(4,947,080)</u>	
955,000	980,000	925,000	842,170	900,000	540,000	
-	-	-	(302,170)	(360,000)	-	
-	4,860,000	-	3,355,000	-	8,727,100	
-	-	-	139,656	-	192,923	
-	-	-	-	-	(1,866,072)	
327,482	260,462	282,200	307,436	93,414	151,746	
-	-	<u>70,946</u>	<u>373,963</u>	<u>530,538</u>	<u>10,442</u>	
<u>1,282,482</u>	<u>6,100,462</u>	<u>1,278,146</u>	<u>4,716,055</u>	<u>1,163,952</u>	<u>7,756,139</u>	
<u>\$ (1,088,289)</u>	<u>\$ 3,088,422</u>	<u>\$ (781,442)</u>	<u>\$ (1,338,420)</u>	<u>\$ (3,208,852)</u>	<u>\$ 2,809,059</u>	
<u>22.70%</u>	<u>20.20%</u>	<u>19.10%</u>	<u>16.90%</u>	<u>16.60%</u>	<u>17.80%</u>	

**TABLE 5**  
**CITY OF HEWITT, TEXAS**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 (Unaudited)

LAST TEN FISCAL YEARS  
 (Amounts expressed in thousands)

Fiscal Year	Real Property		Less: Tax-exempt Property		Total Taxable Assessed Value	Total Direct Tax Rate	Certified Market Value	Assessed Value as Percentage of Actual Value
2014	\$ 761,728	\$ 49,251	\$153,184	\$ 657,795	0.539677	\$ 810,979		81.1%
2015	827,966	52,160	174,039	706,087	0.539677	880,126		80.2%
2016	849,510	54,884	173,809	730,585	0.539677	904,394		80.8%
2017	905,490	58,145	188,325	775,310	0.539677	963,635		80.5%
2018	1,000,847	62,781	220,833	842,795	0.539677	1,063,628		79.2%
2019	1,113,730	70,700	247,520	936,910	0.539677	1,184,428		79.1%
2020	1,187,063	76,605	255,326	1,008,342	0.539677	1,263,668		79.8%
2021	1,224,578	72,744	263,549	1,033,773	0.547838	1,297,322		79.7%
2022	1,380,972	72,313	320,861	1,132,424	0.540102	1,453,286		77.9%
2023	1,709,284	78,691	486,095	1,301,880	0.540102	1,787,975		72.8%

Source: McLennan County Appraisal District

**TABLE 6**  
**CITY OF HEWITT, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 (rate per \$1,000 of assessed value)  
 (Unaudited)

**LAST TEN FISCAL YEARS**

Fiscal Year Ending	City of Hewitt Direct Rates			Overlapping Rates				
	Basic Operating Rate	General		Total Direct Rate	Midway		Lorena	
		Obligation Debt	Service		Independent School District	School District	McLennan County	Junior College District
2014	0.385977	0.153700		0.539677	1.320000	1.620000	0.535293	0.151530
2015	0.360046	0.179631		0.539677	1.320000	1.640000	0.535293	0.149530
2016	0.329858	0.209819		0.539677	1.320000	1.640000	0.535293	0.149724
2017	0.325525	0.214152		0.539677	1.320000	1.579090	0.525293	0.114890
2018	0.323593	0.216084		0.539677	1.320000	1.554090	0.505293	0.150346
2019	0.307403	0.232274		0.539677	1.320000	1.534000	0.485293	0.147696
2020	0.316587	0.223090		0.539677	1.250000	1.435210	0.485293	0.147696
2021	0.327866	0.219972		0.547838	1.236400	1.332666	0.468719	0.149782
2022	0.347103	0.192999		0.540102	1.164300	1.200310	0.425000	0.149782
2023	0.331618	0.208484		0.540102	1.124600	1.164540	0.376355	0.139074

Source: McLennan County Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners with the City of Hewitt, Texas. Not all overlapping rates apply to all City of Hewitt, Texas property owners, e.g., the rates for school taxes apply to either Midway or Lorena Independent School District. See also Table 11.

No direct funded debt limitation is imposed on the City under current state law or the City Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for general obligation debt service.

**TABLE 7**  
**CITY OF HEWITT, TEXAS**

**PRINCIPAL PROPERTY TAXPAYERS**  
**(Unaudited)**

Current Year and Ten Years Ago  
(Amounts expressed in thousands)

Taxpayer	2023			2013		
			Percentage of Total City			Percentage of Total City
	Taxable Assessed	Value	Rank	Taxable Assessed	Value	Taxable Assessed
The ICON at Hewitt LP	\$ 38,197	1	2.9%			
Clark, Richard S. (62 properties)	16,725	2	1.3%	\$ 7,762	2	1.2%
Wal-Mart Real Estate Business Trust	12,319	3	0.9%			
Mountain Waco, LLC/Fed Ex	12,055	4	0.9%	8,730	1	1.4%
Atwood Distributing LP	10,034	5	0.8%			
Oncor Electric Delivery, Inc.	8,046	6	0.6%	5,172	5	0.8%
Goyne Brookside Apts	7,899	7	0.6%			
Northwood LLC (Royalton duplexs)	7,079	8	0.5%	4,579	7	0.7%
Midway Townhomes Ltd	6,721	9	0.5%	4,290	8	0.7%
Walmart Stores East LP	6,710	7	0.5%			
Hewitt A L LLC (Stoney Brook)				7,226	3	1.1%
Schultz Industries Inc/Sturdisteel				5,948	4	0.9%
Hewitt Real Estate Inv/Courtyard				4,957	6	0.8%
TKT First Colony LP (Ramada)				3,669	9	0.6%
Hewitt Investment Ltd				3,232	10	0.5%
 Total	 <u>\$ 125,785</u>	 <u>9.7%</u>	 <u>\$ 55,565</u>	 <u>8.7%</u>		

Source: McLennan County Appraisal District

**TABLE 8**  
**CITY OF HEWITT, TEXAS**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**(Unaudited)**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Tax Roll Year	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2014	2013	\$ 3,530,134	\$ 3,482,954	98.66%	\$ 47,932	\$ 3,530,886	100.02%
2015	2014	3,792,860	3,765,445	99.28%	28,207	3,793,652	100.02%
2016	2015	3,944,267	3,903,880	98.98%	29,962	3,933,842	99.74%
2017	2016	4,189,262	4,135,031	98.71%	33,407	4,168,438	99.50%
2018	2017	4,526,990	4,493,806	99.27%	21,580	4,515,386	99.74%
2019	2018	5,022,921	4,964,002	98.83%	34,096	4,998,098	99.51%
2020	2019	5,411,325	5,369,150	99.22%	28,487	5,397,637	99.75%
2021	2020	5,696,148	5,663,286	99.42%	28,364	5,691,650	99.92%
2022	2021	6,060,595	6,033,420	99.55%	12,487	6,045,907	99.76%
2023	2022	6,992,230	6,868,904	98.24%	-	6,868,904	98.24%

Source: McLennan County Tax Assessor

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**CITY OF HEWITT, TEXAS**

**TABLE 9**

PRINCIPAL WATER CUSTOMERS  
(Unaudited)

SEPTEMBER 30, 2023

Principal Water Customers	Average Monthly Consumption (gallons)	Average Monthly Bill (\$)
Midway Independent School District	1,508,667	12,188
The Icon Apartments	819,000	6,294
Brookside Apartments	580,092	5,559
HMG Park Manor of Hewitt, LLC	361,433	2,622
Stoney Brook Center	288,142	2,166
CBOCS Texas, LLC	230,658	1,676
Mark and Elizabeth Bowles	213,542	2,156
Dauntless Car Wash	211,558	1,491
Washtub Hewitt	205,500	1,454
Rolling Meadows Enid, LLC	201,933	1,987
Reserve at Dry Creek/DMA	182,925	1,939
Stylecraft Builders, Inc.	177,942	1,067
Ramada Inn	166,817	1,408
John Houston Customer Homes	163,025	1,103
Rosa's Café	128,025	1,038
Wal-Mart Stores Texas, LLC	113,267	1,456
7-Eleven, Inc.	110,267	929
Smalley Homes, LLC	104,517	613
Church of Latter Day Saints	95,892	979
Walker Place	84,950	667
Prestige Plaza	70,033	870
KBD Group Inc.	39,100	824
H&B Contractors	58,483	734
	<hr/> <u>6,115,767</u>	<hr/> <u>\$ 51,221</u>

**WATER RATES**  
(Based on Monthly Billing)

Existing Rates Effective December 1st, 2022	Inside City
Residential, Commercial and Builder's Water Rates	<hr/>
For a 3/4 inch service:	
For the first 3,000 gallons, minimum	\$32.00
For the next 4,000 gallons, per 1,000 gallons	5.15
For the next 5,000 gallons, per 1,000 gallons	5.80
For the next 12,000 gallons, per 1,000 gallons	6.25

**CITY OF HEWITT, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
(Unaudited)

**LAST TEN FISCAL YEARS**  
(Amounts expressed in thousands)

Fiscal Year	Governmental Activities					Business-type Activities				
	General Obligation Bonds	Certificates of Obligation	Bond Premiums	Financing Arrangements		General Obligation Bonds	Certificates of Obligation	Bond Premiums	Financing Arrangements	Notes Payable
2014	\$ 2,939	\$ 15,576	\$ 355	\$ 289		\$ 1,781	\$ 20,189	\$ 59	\$ 2,173	\$ 73
2015	2,653	15,299	365	237		7,107	14,101	703	2,028	67
2016	2,357	18,089	483	421		6,968	19,761	797	1,903	61
2017	2,060	17,515	454	546		6,830	18,934	755	1,593	54
2018	1,752	21,646	685	370		6,688	18,079	707	1,269	47
2019	1,441	20,768	643	550		6,544	17,197	658	1,125	-
2020	1,996	19,712	602	616		6,424	16,257	609	828	-
2021	880	18,697	562	682		6,245	15,343	560	777	-
2022	596	22,537	750	717		5,579	14,813	512	525	-
2023	302	27,117	939	770		4,893	14,263	463	257	-

Source: See Table 14 for personal income and population information.

**TABLE 10**

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 43,434	62.49%	3,091
42,560	59.65%	2,968
50,840	71.26%	3,506
48,741	65.45%	3,361
51,243	69.00%	3,483
48,926	65.70%	3,294
47,044	60.22%	3,129
43,746	60.69%	2,730
46,029	63.58%	2,853
49,004	64.57%	2,982

**TABLE 11**  
**CITY OF HEWITT, TEXAS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**(Unaudited)**

**LAST TEN FISCAL YEARS**  
**(Amounts expressed in thousands)**

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available	Net Bonded Debt	Percentage of Actual Taxable Value of Property		Per Capita
	General Obligation Bonds	Certificates of Obligation	Bond Premiums	Total Bonded Debt					
2014	\$ 4,720	\$ 35,765	\$ 414	\$ 40,899	\$ 1,317	\$ 39,582	6.0%	2,816	
2015	9,760	29,400	1,068	40,228	1,591	38,637	5.5%	2,694	
2016	9,325	37,850	1,280	48,455	1,818	46,637	6.4%	3,216	
2017	8,890	36,449	1,209	46,548	1,880	44,668	5.8%	3,081	
2018	8,440	39,725	1,392	49,557	1,942	47,615	5.6%	3,227	
2019	7,985	37,965	1,301	47,251	2,023	45,228	4.8%	3,045	
2020	8,420	35,969	1,211	45,600	2,272	43,328	4.3%	2,882	
2021	7,125	34,040	1,122	42,287	2,365	39,922	3.9%	2,491	
2022	6,175	37,350	1,262	44,787	2,326	42,461	3.7%	2,632	
2023	5,195	41,380	1,402	47,977	2,462	45,515	3.5%	2,770	

Source: See Table 5 for property value data and Table 15 for population data.

Note: See Table 10 for general bonded debt outstanding.

**TABLE 12**  
**CITY OF HEWITT, TEXAS**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**(Unaudited)**

AS OF SEPTEMBER 30, 2023

Government Unit	Debt Outstanding	As of	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt (in 000s)
Debt repaid with property taxes				
Lorena Independent School District	\$ 22,731,063	12/31/23	5.60%	1,272,940
Midway Independent School District	173,295,000	12/31/23	16.76%	29,044,242
McLennan County	89,770,000	12/31/23	4.87%	4,371,799
McLennan County Community College	41,210,000	12/31/23	4.87%	<u>2,006,927</u>
Subtotal overlapping debt				36,695,908
Other debt				
City of Hewitt, Texas *		9/30/2023		<u>27,419,010</u>
Total direct and overlapping debt				<u>\$ 65,664,348</u>
Total direct and overlapping debt % of Appraised Value			4.45%	
Total direct and overlapping debt \$ of Capita				3,996

Source: Municipal Advisory Council of Texas, Texas Municipal Reports, General Obligation Debt. Per staff at MAC, the estimated percentages of overlapping debt are calculated by the MAC using Certified Tax Values as of 7/25 from the McLennan County Tax Assessor. Each property is identified on the Tax Rolls submitted to the MAC and those properties are tagged according to the particular entity to which taxes are paid. Using the total tax values within the Government Unit and dividing by the total tax value of the City of Hewitt, the MAC determines the percentage applicable for debt.

\* Gross Debt. Please note that some debt may be supported by other revenues and thus be considered self-supporting debt. Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

**CITY OF HEWITT, TEXAS**

**LEGAL DEBT MARGIN INFORMATION**  
(Unaudited)

**LAST TEN FISCAL YEARS**  
(Taxable Assessed Value in Thousands)

	Fiscal Year			
	2023	2022	2021	2020
Total Assessed Value	<u>1,301,880</u>	<u>1,132,424</u>	<u>\$ 1,033,773</u>	<u>\$ 1,008,342</u>
Statutory tax levy limit for general obligation debt service	\$ 16,273,500	\$ 14,155,300	\$ 12,922,163	\$ 12,604,275
Current year general obligation debt service requirements	<u>2,865,000</u>	<u>2,565,000</u>	<u>2,425,000</u>	<u>2,360,000</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 13,408,500</u>	<u>\$ 11,590,300</u>	<u>\$ 10,497,163</u>	<u>\$ 10,244,275</u>
Current requirements as a % of statutory limit	17.61%	18.12%	18.77%	18.72%

Notes:

No direct outstanding debt limitation is imposed on the City under current state law or the City Charter. Article XI, Section 5 of the Texas Constitution is applicable to the City and limits maximum ad valorem rate to \$2.50 per \$100 of assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.25 of the maximum tax rate for the general obligation debt service.

**TABLE 13**

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 936,910	\$ 842,795	\$ 775,310	\$ 730,585	\$ 706,087	\$ 657,795
\$ 11,711,375	\$ 10,534,938	\$ 9,691,363	\$ 9,132,325	\$ 8,826,088	\$ 8,222,442
<u>2,215,000</u>	<u>1,835,000</u>	<u>1,636,476</u>	<u>1,530,913</u>	<u>1,265,295</u>	<u>1,090,523</u>
<u>\$ 9,496,375</u>	<u>\$ 8,699,938</u>	<u>\$ 8,054,887</u>	<u>\$ 7,601,412</u>	<u>\$ 7,560,793</u>	<u>\$ 7,131,919</u>
18.91%	17.42%	16.89%	16.76%	14.34%	13.26%

**TABLE 14****CITY OF HEWITT, TEXAS****PLEDGED REVENUE COVERAGE**  
(Unaudited)**LAST TEN FISCAL YEARS**

Fiscal Year	Water/Sewer Revenue Bonds and Certificates of Obligation						
	Utility Operating Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2014	\$ 7,274,412	\$ 5,208,397	\$ 2,066,015	\$ 655,699	\$ 840,115	\$ 1,495,814	1.38
2015	7,647,318	4,312,310	3,335,008	742,713	754,362	1,497,075	2.23
2016	8,244,648	4,819,036	3,425,612	920,525	909,463	1,829,988	1.87
2017	8,070,972	4,022,088	4,048,884	964,273	915,563	1,879,836	2.15
2018	8,979,401	4,376,005	4,603,396	997,420	886,500	1,883,920	2.44
2019	9,180,440	4,318,705	4,861,735	1,025,997	860,039	1,886,036	2.58
2020	8,111,560	4,468,802	3,642,758	1,059,691	832,163	1,891,854	1.93
2021	8,248,431	4,650,419	3,598,012	1,092,782	802,632	1,895,414	1.90
2022	9,220,142	5,073,704	4,146,438	1,196,859	772,718	1,969,577	2.11
2023	9,899,288	5,641,318	4,257,970	1,235,600	742,122	1,977,722	2.15

Notes (1) Total revenue including interest

(2) Total Operating expenses less depreciation

**TABLE 15****CITY OF HEWITT, TEXAS****DEMOGRAPHIC AND ECONOMIC STATISTICS**  
(Unaudited)**LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income		Per Capita Personal Income (1)	Unemployment Rate (2)
		(dollars in thousands) (1)			
2014	14,054	\$ 69,504		\$ 28,471	5.00%
2015	14,341	71,347		31,866	4.40%
2016	14,500	71,347		31,866	4.30%
2017	14,500	74,467		33,138	4.10%
2018	14,750	74,467		33,138	3.40%
2019	14,855	74,467		33,138	3.10%
2020	15,034	78,124		32,753	6.30%
2021	16,026	72,077		32,834	4.30%
2022	16,131	72,395		32,588	3.40%
2023	16,431	75,898		34,883	3.70%

Source: (:U.S. Census Bureau, city staff and city-data.com

(2) U. S. Department of Labor, Bureau of Labor Statistics, Waco, TX Metropolitan Statistical Area

**CITY OF HEWITT, TEXAS**

**PRINCIPAL EMPLOYERS**  
(Unaudited)

**CURRENT AND PRIOR YEARS**

Employer	2023		2022	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Midway ISD	1,355	12.21%	1,324	11.93%
Walmart	260	2.34%	289	2.60%
EMSI	-	- %	-	- %
Cracker Barrel	91	0.82%	80	0.72%
Metals 2 Go (formerly Davis Iron Works)	116	1.05%	103	0.93%
Sturdisteel	113	1.02%	92	0.83%
City of Hewitt	111	1.00%	105	0.95%
Midway Transportation	18	0.16%	24	0.22%
Merry Maids	13	0.12%	13	0.12%
United Super IGA	27	0.24%	30	0.27%
Scott & White Clinic	25	0.23%	26	0.23%
General Implements (Alliance Distributing)	8	0.07%	8	0.07%
Senior Care Center/Hewitt Rehabilitation	55	0.50%	55	0.50%
Sleep Inn	12	0.11%	12	0.11%
Ramada Inn	12	0.11%	8	0.07%
Central TX Dental Care	22	0.20%	22	0.20%
Stoney Brook	63	0.57%		
Atwoods	36	0.32%		
Rosa's Café	40	0.36%		
<b>Total</b>	<b>2,377</b>	<b>21.41%</b>	<b>2,191</b>	<b>19.74%</b>

Employer	2018		2017	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Midway ISD	1,120	10.82%	1,413	13.85%
Walmart	279	2.70%	286	2.80%
EMSI	260	2.51%	260	2.55%
Cracker Barrel	121	1.17%	-	- %
Metals 2 Go (formerly Davis Iron Works)	103	1.00%	100	0.98%
Sturdisteel	100	0.97%	120	1.18%
City of Hewitt	104	1.00%	102	1.00%
Midway Transportation	31	0.30%	50	0.49%
Merry Maids	15	0.14%	17	0.17%
United Super IGA	21	0.20%	26	0.25%
Scott & White Clinic	19	0.18%	20	0.20%
General Implements (Alliance Distributing)	10	0.10%	8	0.08%
Senior Care Center	84	0.81%	150	1.47%
Sleep Inn	15	0.14%	12	0.12%
Ramada Inn	10	0.10%	11	0.11%
Central TX Dental Care	26	0.25%	24	0.24%
<b>Total</b>	<b>2,318</b>	<b>22.39%</b>	<b>2,599</b>	<b>25.48%</b>

Source: City of Hewitt staff.

**TABLE 16**

2021		2020		2019	
Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
1,206	11.49%	1,185	11.29%	1,186	11.51%
217	2.07%	259	2.47%	249	2.42%
-	- %	-	- %	-	- %
80	0.76%	78	0.74%	100	0.97%
97	0.92%	106	1.01%	115	1.12%
102	0.97%	106	1.01%	120	1.17%
103	0.98%	100	0.95%	104	1.00%
26	0.25%	28	0.27%	28	0.27%
17	0.16%	14	0.13%	14	0.14%
26	0.25%	27	0.26%	23	0.22%
25	0.24%	24	0.23%	19	0.18%
9	0.09%	9	0.09%	9	0.09%
115	1.10%	92	0.88%	84	0.82%
14	0.13%	10	0.10%	15	0.15%
8	0.08%	7	0.07%	11	0.11%
22	0.21%	29	0.28%	26	0.25%
<b>2,067</b>	<b>19.69%</b>	<b>2,074</b>	<b>19.75%</b>	<b>2,103</b>	<b>20.41%</b>
2016		2015		2014	
Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
1,437	14.37%	1,056	12.14%	1,364	15.68%
300	3.00%	-	- %	-	- %
260	2.60%	300	3.45%	300	3.45%
-	- %	-	- %	-	- %
97	0.97%	56	0.64%	56	0.64%
100	1.00%	90	1.03%	90	1.03%
100	1.00%	93	1.07%	93	1.07%
30	0.30%	36	0.41%	36	0.41%
16	0.16%	20	0.23%	20	0.23%
23	0.23%	30	0.34%	30	0.34%
16	0.16%	17	0.20%	17	0.20%
8	0.08%	16	0.18%	16	0.18%
115	1.15%	129	1.48%	120	1.38%
14	0.14%	15	0.17%	15	0.17%
10	0.10%	12	0.14%	12	0.14%
23	0.23%	23	0.26%	23	0.26%
<b>2,549</b>	<b>25.49%</b>	<b>1,893</b>	<b>21.76%</b>	<b>2,192</b>	<b>25.20%</b>

**CITY OF HEWITT, TEXAS**

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
(Unaudited)

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
General government and administration	10.5	11	11.75	11.75	13
Public safety	60	57	53	53	54
Community services	16	16	14	15	15
Culture and recreation	11.50	10.25	10.25	10.50	10.50
Water, sewer and sanitation	11	11.50	12	13	13
Total	<u>109.00</u>	<u>105.75</u>	<u>101.00</u>	<u>103.25</u>	<u>105.50</u>

Source: City Staff. Full-time Equivalent Employees per the Adopted Budget.

**TABLE 17**

Fiscal Year				
2018	2017	2016	2015	2014
15	15.5	14.5	14.0	13.75
52	51	51.5	48.5	48.5
13	13	12	11	11
10.5	9.75	9	6	6
13	13	13	13	13
<b>103.50</b>	<b>102.25</b>	<b>100.0</b>	<b>92.50</b>	<b>92.25</b>

**CITY OF HEWITT, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM  
(Unaudited)

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Public safety</b>					
Fire protection:					
Number of fulltime employees	16	16	16	16	16
Number of emergency responses	2,104	1,587	1,284	1,203	1,488
Police protection:					
Number of sworn personnel	31	29	27	27	27
Number of citations issued	1,044	1,692	1,286	592	968
Number of emergency responses	17,248	14,706	17,943	16,912	18,180
<b>Cultural and recreation</b>					
Libraries:					
Number of patrons using the library	208,610	127,530	121,870	82,844	387,000
Circulation	196,962	242,320	259,105	166,465	481,131
Parks and recreation:					
Number of parks - developed	2	2	2	2	2
Number of parks - undeveloped	1	1	1	1	1
Number of playgrounds	2	2	2	2	2
<b>Water and sewer</b>					
Number of water connections	6,746	6,665	6,455	6,324	6,289
Average daily consumption (thousands of gallons)	1,490	1,585	1,325	1,594	1,346
Number of sewer connections	6,640	6,567	6,382	6,279	6,200
Average daily sewage treatment (thousands of gallons)	1,312	1,463	1,240	1,379	1,250

Source: City Staff

Note: In October 2018 (FY 2019), the City started using Units for customer counts of water connections. Units include the count of residences in multi-family housing; i.e. apartments.

**TABLE 18**

Fiscal Year				
2018	2017	2016	2015	2014
16 1,153	16 894	16 1,172	16 907	15 777
25 934 18,087	24 880 16,233	24 1,165 17,360	23 1,542 18,496	23 2,472 21,792
369,000 456,114	420,000 599,760	275,000 362,041	200,000 279,840	200,000 264,000
2 1 2	2 1 2	2 1 2	2 1 2	2 1 2
5,734 1,603	5,693 1,307	5,600 1,432	5,524 1,332	5,462 1,776
5,652 1,435	5,605 1,208	5,520 1,318	5,456 1,226	5,398 1,334

**CITY OF HEWITT, TEXAS**

**CAPITAL ASSET STATISTICS BY FUNCTION**  
(Unaudited)

**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Public safety</b>					
Number of fire stations	1	1	1	1	1
Number of police stations	1	1	1	1	1
Number of patrol units	4	4	4	4	4
<b>Other public works</b>					
City acres	4,392	4,392	4,392	4,392	4,392
Streets (miles)	70	70	70	70	70
<b>Cultural and recreation</b>					
Libraries:					
Number of public libraries	1	1	1	1	1
Parks and recreation:					
Number of parks - developed	2	2	2	2	2
Number of parks - undeveloped	1	1	1	1	1
Number of playgrounds	2	2	2	2	2
<b>Water and sewer</b>					
Water mains (miles)	100	125	125	125	125
Water storage capacity (thousands of gallons)	6,950	7,450	7,450	7,450	7,450
Sanitary sewers (miles)	89	88	73	73	73
Sewer capacity (thousands of gallons)	3.5744	3.5744	3.5744	3.5744	3.5744

Source: Various City departments

Note: The number of miles of water main lines were reduced during replacement and reconstruction of Spring Valley Road.

Note: The amount of water storage decreased when the City of Hewitt transferred the fixed assets of a pumping station outside the city limits to the City of Waco.

**TABLE 19**

Fiscal Year				
2018	2017	2016	2015	2014
1	1	1	1	2
1	1	1	1	1
4	4	4	4	4
4,392	4,392	4,392	4,392	4,392
70	69	68	68	68
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
2	2	2	2	2
125	124	124	124	124
7,450	7,450	7,450	7,450	6,943
73	72	72	72	72
3.5744	3.5744	3.5744	3.5744	3.5744

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S 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**

Honorable Mayor  
and Members of City Council  
City of Hewitt, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hewitt, 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 Hewitt, Texas' basic financial statements, and have issued our report thereon dated March 18, 2024.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

### **Purpose of This Report**

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
March 18, 2024