

ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF DAINGERFIELD, TEXAS  
FOR  
FISCAL YEAR ENDED  
SEPTEMBER 30, 2023



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

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# INTRODUCTORY SECTION

*City of Daingerfield, Texas*  
*City Council*  
*For the Year Ended September 30, 2023*

Wade Kerley	Mayor
Jessie Ayers	Council member
Mike Carter	Council member
Vicki Smith	Council member
David Hood	Council member
Ben Ramirez	Council member

## FINANCIAL SECTION

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## Mike Ward Accounting & Financial Consulting, PLLC

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### INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Daingerfield, Texas  
101 Coffey Street  
Daingerfield, Texas 75638

Members of the City Council:

#### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Daingerfield, 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 Daingerfield, Texas' basic financial statements as listed in the table of contents.

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

#### **Basis of Opinions**

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

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

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

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

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from

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

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Daingerfield, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Daingerfield, Texas' ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Daingerfield, Texas' basic financial statements. The individual component unit financial statements are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

Respectfully Submitted,

**Mike Ward Accounting & Financial Consulting, PLLC**

Point, Texas  
February 6, 2024

## CITY OF DAINGERFIELD, TEXAS

### MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023

As management of the City of Daingerfield ("City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative:

#### Financial Highlights

- The assets exceeded liabilities of the City at the close of the fiscal year by \$11,612,614 (net position). This is an increase of \$494,589, or 4.79%, from the prior fiscal year's net position. Of this amount, \$745,027, or 6%, is restricted for debt service, court use, hotel use, public safety, parks, animal shelter, and business loans. The amount of \$7,854,676, or 68%, of total net position is invested in capital assets, and the \$3,012,911, or 26%, is unrestricted net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$1,465,875, a decrease of (\$259,902). Approximately 71.8% of this total amount, or \$1,051,813 is available for spending at the City's discretion, (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$1,051,813, or 46%, of total general fund expenditures.
- The City's total debt increased by (\$195,080) during the fiscal year.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 Daingerfield.

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

**Basic Financial Statements**

The first two statements (pages 16-19) 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 (pages 20-26) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements are the **notes** on pages 27-45. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show details about the City's pension plan on pages 48-57.

**Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

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

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

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Revolving Loan Fund, and Other Governmental Funds. The Governmental Fund financial statements can be found on pages 20-23 of this report.

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27-45 of this report.

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

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

**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	2,271,585	\$ 2,867,447	\$ 8,477,743	\$ 8,769,066	\$ 10,749,328	\$ 11,636,513
Capital assets	4,095,032	4,076,763	4,314,695	3,869,501	8,409,727	7,946,264
<b>Total assets</b>	<b>6,366,617</b>	<b>6,944,210</b>	<b>12,792,438</b>	<b>12,638,567</b>	<b>19,159,055</b>	<b>19,582,777</b>
Deferred outflow of resources	373,261	89,252	157,097	37,564	530,358	126,816
Current liabilities	440,346	594,447	3,438,649	3,693,963	3,878,995	4,288,410
Long-term liabilities	74,124	50,245	3,884,710	4,002,114	3,958,834	4,052,359
<b>Total liabilities</b>	<b>514,470</b>	<b>644,692</b>	<b>7,323,359</b>	<b>7,696,077</b>	<b>7,837,829</b>	<b>8,340,769</b>
Deferred inflow of resources	168,185	176,513	70,785	74,290	238,970	250,803
Net position:						
Net investment in capital assets	4,051,928	3,984,852	3,802,748	3,308,905	7,854,676	7,293,757
Restricted	745,027	725,338	-	-	745,027	725,338
Unrestricted	1,260,268	1,502,067	1,752,643	1,596,859	3,012,911	3,098,926
<b>Total net position</b>	<b>\$ 6,057,223</b>	<b>\$ 6,212,257</b>	<b>\$ 5,555,391</b>	<b>\$ 4,905,764</b>	<b>\$ 11,612,614</b>	<b>\$ 11,118,021</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$11,612,614, for the fiscal year ended September 30, 2023. Net position decreased by \$494,589 for the fiscal year ended September 30, 2023.

***Net investment in capital assets:***

The largest portion of the City's net position, \$7,854,676, or 68%, reflects the City's investment in capital assets, (e.g. buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources; since the capital assets cannot be used to liquidate these liabilities.

***Restricted net position:***

Restricted net position of \$745,027, or 6%, represents amounts that are subject to external restrictions on how they may be used, or by enabling legislation. Restricted net position is comprised of state imposed or third party restrictions; namely, 6%, or \$46,964, for debt service; 11%, or \$81,924, for hotel tax; 5%, or \$38,219, for court use; .6%, or \$4,592, for state imposed PEG capital funds, and 1.2%, or \$36,411, for Animal Shelter funds, .01%, or \$1,294 for Parks, and 72%, or \$535,623, for unspendable funds for business incentive loans.

***Unrestricted net position:***

Unrestricted net position in the amount of \$3,012,911, or 26%, is available to fund City programs to citizens and creditors.

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

**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>						
Program Revenues						
Charge for Services	442,226	400,269	1,124,090	1,044,025	1,566,316	1,444,294
Operational Grants and Contributions	283,551	117,180	-	-	283,551	117,180
Capital Grants and Contributions	-	-	291,100	107,714	291,100	107,714
General Revenues						
Property Tax	638,394	580,891	-	-	638,394	580,891
Franchise Tax	167,427	178,634	-	-	167,427	178,634
Sales Tax	645,370	597,822	-	-	645,370	597,822
Investment Income	48,075	12,925	322,281	32,268	370,356	45,193
Miscellaneous	120,524	67,665	67,453	28,171	187,977	95,836
<b>Total Revenues</b>	<b>2,345,567</b>	<b>1,955,386</b>	<b>1,804,924</b>	<b>1,212,178</b>	<b>4,150,491</b>	<b>3,167,564</b>
<b>EXPENSES</b>						
Program Expenses						
General Government	473,545	290,718	-	-	473,545	290,718
Public Safety	793,334	660,211	-	-	793,334	660,211
Public Works	445,608	474,777	-	-	445,608	474,777
Public Services and Operations	234,099	217,594	-	-	234,099	217,594
Parks and Cultural	80,419	98,097	-	-	80,419	98,097
Sanitation	410,630	354,148	-	-	410,630	354,148
Interest on Long-term Debt	2,925	4,314	-	-	2,925	4,314
Water and Sewer	-	-	1,215,338	1,416,819	1,215,338	1,416,819
<b>Total Expenses</b>	<b>2,440,560</b>	<b>2,099,859</b>	<b>1,215,338</b>	<b>1,416,819</b>	<b>3,655,898</b>	<b>3,516,678</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(94,993)</b>	<b>(144,473)</b>	<b>589,586</b>	<b>(204,641)</b>	<b>494,593</b>	<b>(349,114)</b>
<b>Transfers</b>	<b>(60,041)</b>	<b>(200)</b>	<b>60,041</b>	<b>200</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>(155,034)</b>	<b>(144,673)</b>	<b>649,627</b>	<b>(204,441)</b>	<b>494,593</b>	<b>(349,114)</b>
<b>Net Position - October 1</b>	<b>6,212,257</b>	<b>6,356,930</b>	<b>4,905,764</b>	<b>5,110,205</b>	<b>11,118,021</b>	<b>11,467,135</b>
<b>Net Position - September 30</b>	<b>\$ 6,057,223</b>	<b>\$ 6,212,257</b>	<b>\$ 5,555,391</b>	<b>\$ 4,905,764</b>	<b>\$ 11,612,614</b>	<b>\$ 11,118,021</b>

Governmental activities decreased net position by (\$155,034). This is a (2.5%) decrease over the prior year.

Business-type activities decreased net position by \$649,627. This is a -(13.24%) decrease over the prior year.

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

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

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

**Governmental Funds** - The focus of the City's governmental funds are 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.

At September 30, 2023, the governmental funds of the City reported a combined fund balance of \$1,465,875, a (15.1%) decrease when compared to the prior year. The components of total fund balance are as follows:

- \* Unspendable fund balance of \$204,658, or 14% of total fund balance is for business incentive loans.
- \* Restricted fund balance of \$171,699, or 11.7% of total fund balance consists of \$46,964, or 27.4%, for debt service requirements; \$81,924, or 47.7%, for hotel tax; \$38,219, or 22% for court use, and \$4,592, or 3% for PEG capital funds use.
- \* Assigned fund balance of \$37,705, or 3% of total fund balance consists of \$1,294, or 3%, for park improvements, and \$36,411, or 97%, for the animal shelter building.
- \* Unassigned fund balance of \$1,051,813, or 72%, of total fund balance represents residual fund balance that has not been restricted, committed, or assigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$1,051,813, compared to \$1,725,777 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 46% of total expenditures.

As compared with the prior year, the net position of the other major governmental funds decreased by \$23,981, at the end of the current fiscal year.

- \* The restricted fund balance of the Revolving Loan Fund decreased net position by \$21,432.
- \* The restricted fund balance of the Other Governmental Funds increased net position by \$2,549.

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

Total revenues were more than the budgeted amounts mainly in the area of sales taxes. Expenditures were less than budgeted amounts mainly in the Public Safety and Public Works functions.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the Proprietary Fund at the end of the fiscal year amounted to \$1,752,643.

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

**Capital assets** - The City of Daingerfield's capital assets for its governmental and business-type activities as of September 30, 2023, totals, \$8,409,727, net of accumulated depreciation. The capital assets include buildings, roads and streets, machinery and equipment, and water and sewer infrastructure

Major capital assets transactions during the fiscal year include the following additions (there were no significant demolitions or disposals.)

- \* Water system improvements
- \* Air conditioner system for City Hall
- \* Street improvements

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 148,750	\$ 148,750	\$ 35,030	\$ 35,030	\$ 183,780	\$ 183,780
Infrastructure	2,671,687	2,507,597	3,823,295	3,641,139	6,494,982	6,148,736
Buildings	1,032,547	1,079,741	24,133	29,378	1,056,680	1,109,119
Machinery & Equipment	242,048	340,675	141,137	163,954	383,185	504,629
Construction in Process	-	-	291,100	-	291,100	-
<b>Total</b>	<b>\$ 4,095,032</b>	<b>\$ 4,076,763</b>	<b>\$ 4,314,695</b>	<b>\$ 3,869,501</b>	<b>\$ 8,409,727</b>	<b>\$ 7,946,264</b>

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

**Long-term Debt** - As of September 30, 2023, the City had total long-term debt outstanding of \$4,045,218 which decreased \$195,080 from the previous year.

**Outstanding Long-term Debt**  
**As of September 30, 2023**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Notes payable	\$ -	\$ -	\$ 567,114	\$ 598,387	\$ 567,114	\$ 598,387
Capital lease payable	43,104	91,911	-	-	43,104	91,911
Certificates of obligation	-	-	3,435,000	3,550,000	3,435,000	3,550,000
<b>Total</b>	<b>\$ 43,104</b>	<b>\$ 91,911</b>	<b>\$ 4,002,114</b>	<b>\$ 4,148,387</b>	<b>\$ 4,045,218</b>	<b>\$ 4,240,298</b>

More detailed information about the City's long-term debt is presented in Notes H & I to the financial statements

**CITY OF DAINGERFIELD  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2023**

**Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in the City's finances. Questions concerning the information found in this report or requests for additional financial information should be directed to the City of Daingerfield, 101 Linda Drive Street, Daingerfield Texas 75638.

## BASIC FINANCIAL STATEMENTS

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

	<b>Primary Government</b>		<b>Total</b>	<b>Component</b>
	<b>Governmental</b>	<b>Business-type</b>		<b>Unit</b>
	<b>Activities</b>	<b>Activities</b>		<b>EDC</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,025,915	\$ 1,517,150	\$ 2,543,065	\$ 6,502
Receivables (net of allowances for uncollectible)	242,323	148,831	391,154	-
Note receivables	330,966	-	330,966	-
Restricted assets:				
Cash and cash equivalents	672,381	602	672,983	-
Cash held in escrow	-	6,811,160	6,811,160	-
Capital assets not being depreciated:				
Land	148,750	35,030	183,780	-
Construction in progress	-	291,100	291,100	-
Capital assets net of accumulated depreciation:				
Machinery and equipment	242,048	141,137	383,185	-
Buildings and improvements	1,032,547	24,133	1,056,680	-
Infrastructure	2,671,687	3,823,295	6,494,982	-
<b>Total assets</b>	<b>6,366,617</b>	<b>12,792,438</b>	<b>19,159,055</b>	<b>6,502</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow - pension	373,261	157,097	530,358	-
<b>LIABILITIES</b>				
Accounts payable	57,157	9,845	67,002	-
Accrued expenses	57,610	5,933	63,543	-
Customer deposits	-	84,808	84,808	-
Deferred grant income	256,259	3,186,567	3,442,826	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	26,216	2,896	29,112	-
Capital lease	43,104	-	43,104	-
Notes payable	-	33,600	33,600	-
Bonds payable	-	115,000	115,000	-
Due in more than one year:				
Net pension liability	74,124	31,196	105,320	-
Capital lease	-	-	-	-
Notes payable	-	533,514	533,514	-
Bonds Payable	-	3,320,000	3,320,000	-
<b>Total liabilities</b>	<b>514,470</b>	<b>7,323,359</b>	<b>7,837,829</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow - pension	168,185	70,785	238,970	-
<b>NET POSITION</b>				
Net investment in capital assets	4,051,928	3,802,748	7,854,676	-
Restricted for:				
Nonexpendable	535,623	-	535,623	-
Debt service	46,964	-	46,964	-
Hotel tax	81,924	-	81,924	-
Court use	38,219	-	38,219	-
Parks	1,294	-	1,294	-
Animal shelter	36,411	-	36,411	-
PEG capital	4,592	-	4,592	-
Unrestricted	1,260,268	1,752,643	3,012,911	6,502
<b>Total net position</b>	<b>\$ 6,057,223</b>	<b>\$ 5,555,391</b>	<b>\$ 11,612,614</b>	<b>\$ 6,502</b>

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



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

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 473,550	\$ 6,931	\$ 248,566	\$ -
Public safety	793,334	1,418	33,862	-
Public services and operations	234,099	26,318	685	-
Public works	445,608	20,004	-	-
Parks and cultural	80,419	254	438	-
Sanitation	410,630	387,301	-	-
Interest on long-term debt	2,925	-	-	-
<b>Total governmental activities</b>	<u>2,440,565</u>	<u>442,226</u>	<u>283,551</u>	<u>-</u>
Business-type activities:				
Water and Sewer	1,215,338	1,124,090	-	291,100
<b>Total business-type activities</b>	<u>1,215,338</u>	<u>1,124,090</u>	<u>-</u>	<u>291,100</u>
<b>Total Primary Government</b>	<u>3,655,903</u>	<u>1,566,316</u>	<u>283,551</u>	<u>291,100</u>
<b>Component Unit:</b>				
Economic Development Corporation	1,435	-	-	-
<b>Total Component Unit</b>	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>-</u>

General revenues:  
 Property taxes  
 Sales taxes  
 Franchise taxes  
 Investment income  
 Miscellaneous  
 Transfers  
 Total general revenues  
 Change in net position  
 Net position - beginning  
 Net position - ending

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

<b>Net (Expense) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (218,053)	\$ -	\$ (218,053)	\$ -
(758,054)	-	(758,054)	-
(207,096)	-	(207,096)	-
(425,604)	-	(425,604)	-
(79,727)	-	(79,727)	-
(23,329)	-	(23,329)	-
(2,925)	-	(2,925)	-
<u>(1,714,788)</u>	<u>-</u>	<u>(1,714,788)</u>	<u>-</u>
-	199,852	199,852	-
-	199,852	199,852	-
<u>(1,714,788)</u>	<u>199,852</u>	<u>(1,514,936)</u>	<u>-</u>
-	-	-	(1,435)
-	-	-	<u>(1,435)</u>
\$ 638,394	\$ -	\$ 638,394	\$ -
645,370	-	645,370	-
167,427	-	167,427	-
48,075	322,281	370,356	71
120,524	67,454	187,978	-
(60,041)	60,041	-	-
<u>1,559,749</u>	<u>449,776</u>	<u>2,009,525</u>	<u>71</u>
(155,039)	649,628	494,589	(1,364)
6,212,262	4,905,763	11,118,025	7,866
<u>\$ 6,057,223</u>	<u>\$ 5,555,391</u>	<u>\$ 11,612,614</u>	<u>\$ 6,502</u>

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

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,025,915	\$ -	\$ -	\$ -	\$ 1,025,915
Investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	242,323	-	330,966	-	573,289
Restricted cash and cash equivalents	2,058	46,964	204,658	162,440	416,120
<b>Total assets</b>	<u>1,270,296</u>	<u>46,964</u>	<u>535,624</u>	<u>162,440</u>	<u>2,015,324</u>
<b>LIABILITIES</b>					
Accounts payable	57,156	-	-	-	57,156
Accrued expenses	57,610	-	-	-	57,610
<b>Total liabilities</b>	<u>114,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,766</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	103,717	-	-	-	103,717
Unavailable revenue-court fines	-	-	-	-	-
Unavailable revenue-notes receivable	-	-	330,966	-	330,966
<b>Total deferred inflows of resources</b>	<u>103,717</u>	<u>-</u>	<u>330,966</u>	<u>-</u>	<u>434,683</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Revolving loan funds	-	-	204,658	-	204,658
Restricted:					
Hotel tax	-	-	-	81,924	81,924
Court use	-	-	-	38,219	38,219
PEG capital	-	-	-	4,592	4,592
Debt service	-	46,964	-	-	46,964
Assigned:					
Parks and cultural	-	-	-	1,294	1,294
Animal shelter	-	-	-	36,411	36,411
Unassigned	1,051,813	-	-	-	1,051,813
<b>Total fund balance</b>	<u>1,051,813</u>	<u>46,964</u>	<u>204,658</u>	<u>162,440</u>	<u>1,465,875</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 1,270,296</u>	<u>\$ 46,964</u>	<u>\$ 535,624</u>	<u>\$ 162,440</u>	<u>\$ 2,015,324</u>

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

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

Total fund balance - governmental funds balance sheet \$ 1,465,875

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 8,574,474

Accumulated depreciation has not been included in governmental fund financial statements. (4,479,440)

Deferred inflow/outflow of resources related to pensions are not reported in the fund financial statements. 205,076

Accrued liabilities for compensated absences have not been reflected in the fund financial statements. (26,216)

Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements. (43,104)

Net pension liability is not available in the current period and, therefore, is not reported in the fund financial statements. (74,123)

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. 434,681

Net position of governmental activities - statement of net position \$ 6,057,223

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

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Revolving Loan Fund</u>	<u>Other Governmental</u>	<u>Total</u>
<b>REVENUES</b>					
Property taxes	\$ 650,921	\$ -	\$ -	\$ -	\$ 650,921
Franchise taxes	167,427	-	-	-	167,427
Sales tax	645,370	-	-	-	645,370
Hotel/motel taxes	-	-	-	6,931	6,931
Charge for services	3,075	-	18,710	-	21,785
Fines and forfeitures	19,164	-	-	1,112	20,276
Licenses and permits	20,004	-	-	-	20,004
Sanitation charges for services	387,301	-	-	-	387,301
Grants and contributions	33,862	-	-	-	33,862
Donations	438	-	-	685	1,123
Investment income	43,483	-	-	1,870	45,353
Interest received-notes receivable	-	-	2,722	-	2,722
Miscellaneous	106,106	-	-	-	106,106
<b>Total revenues</b>	<u>2,077,151</u>	<u>-</u>	<u>21,432</u>	<u>10,598</u>	<u>2,109,181</u>
<b>EXPENDITURES</b>					
Current:					
General government	263,264	-	-	3,814	267,078
Public safety	684,699	-	-	-	684,699
Public services and operations	229,864	-	-	4,235	234,099
Public works	598,220	-	-	-	598,220
Parks and cultural	70,984	-	-	-	70,984
Sanitation	410,630	-	-	-	410,630
Capital outlays:					
Public safety	-	-	-	-	-
Debt service					
Principal retirement	40,407	-	-	-	40,407
Interest and fiscal agent fees	2,925	-	-	-	2,925
<b>Total expenditures</b>	<u>2,300,993</u>	<u>-</u>	<u>-</u>	<u>8,049</u>	<u>2,309,042</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(223,842)	-	21,432	2,549	(199,861)
<b>Other financing sources (uses)</b>					
Transfers	(60,041)	-	-	-	(60,041)
Loan funds released	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(60,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,041)</u>
<b>Net change in fund balance</b>	(283,883)	-	21,432	2,549	(259,902)
<b>Fund balance, beginning of year</b>	1,335,696	46,964	183,226	159,891	1,725,777
<b>Fund balance, end of year</b>	<u>\$ 1,051,813</u>	<u>\$ 46,964</u>	<u>\$ 204,658</u>	<u>\$ 162,440</u>	<u>\$ 1,465,875</u>

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

**CITY OF DAINGERFIELD, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance - total governmental funds	\$ (259,902)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reports as depreciation expense.	297,717
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(279,448)
Current year long-term debt principal payments on contractual obligations and bonds payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	48,806
Current year changes in pension expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds.	49,967
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(12,179)
Change in net position of governmental activities - statement of activities	<u>\$ (155,039)</u>

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

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

	<u>Water/Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,517,150
Receivables (net of allowance for uncollectible)	148,831
Restricted cash and cash equivalents	602
Cash held in escrow	6,811,160
Total current assets	<u>8,477,743</u>
Noncurrent assets:	
Capital assets:	
Land	35,030
Machinery & Equipment	780,076
Infrastructure	6,607,519
Less: accumulated depreciation	<u>(3,399,030)</u>
Total capital assets, net of accumulated depreciation	<u>4,314,695</u>
<b>Total assets</b>	<u>12,792,438</u>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflow - pension	<u>157,097</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	9,845
Other liabilities	5,933
Deferred grant income	3,186,567
Payable from restricted assets:	
Customer deposits	84,808
Bonds payable	115,000
Notes payable	33,600
Total current liabilities	<u>3,435,753</u>
Noncurrent Liabilities:	
Compensated absences	2,896
Net pension liability	31,196
Bonds payable	3,320,000
Notes payable	533,514
Total noncurrent liabilities	<u>3,887,606</u>
<b>Total liabilities</b>	<u>7,323,359</u>
 <b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflow - pension	<u>70,785</u>
 <b>NET POSITION</b>	
Net investment in capital assets	3,802,748
Unrestricted	<u>1,752,643</u>
<b>Total net position</b>	<u>\$ 5,555,391</u>

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

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

	<u>Water/Sewer Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services:	
Water fees	\$ 737,307
Sewer fees	382,326
Tap fees	4,457
Intergovernmental revenues-state and local	291,100
Miscellaneous	67,454
<b>Total operating revenues</b>	<u>1,482,644</u>
<b>OPERATING EXPENSES:</b>	
Personnel costs	360,851
Supplies and materials	121,892
Maintenance and repair	197,043
Contractual services	123,234
Water purchases	203,913
Depreciation	189,545
<b>Total operating expenses</b>	<u>1,196,478</u>
<b>Operating income (loss)</b>	<u>286,166</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment income	322,281
<b>Total non-operating revenues (expenses)</b>	<u>303,421</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>589,587</u>
<b>Change in net position</b>	649,628
<b>Net position - beginning</b>	4,905,763
<b>Net position - ending</b>	<u><u>\$ 5,555,391</u></u>

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

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

	<u>Water/Sewer Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 1,066,694
Other operating revenues	93,628
Cash payments to employees for services	(354,917)
Cash payments to suppliers for goods and services	(646,083)
<b>Net cash provided by (used in) operating activities</b>	<u>159,322</u>
 <b>Cash Flows from Noncapital Financing Activities</b>	
Change in net pension liability	(21,030)
Operating transfers	60,041
<b>Cash used in noncapital financing activities</b>	<u>39,011</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>	
Interest and fiscal charges on debt	(18,860)
Acquisition of capital assets	(634,741)
Principal Paid	(146,274)
<b>Cash used in capital and related financing activities</b>	<u>(799,875)</u>
 <b>Cash Flows from Investing Activities</b>	
Investment earnings	322,281
<b>Cash provided by (used in) investing activities</b>	<u>322,281</u>
 Net increase (decrease) in cash and cash equivalents	(279,261)
 Cash and cash equivalents at beginning of year	8,608,173
Cash and cash equivalents at end of year	<u>\$ 8,328,912</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating income (Loss)	\$ 286,166
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	189,545
Change in assets and liabilities:	
Decrease (increase) in receivables	(58,750)
Increase (decrease) in accounts payable	(27,466)
Increase (decrease) in deferred grant income	(237,460)
Increase (decrease) in customer deposits	1,354
Total adjustments	<u>(126,844)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 159,322</u>

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

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

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Daingerfield ("City") was incorporated in 1913. The City operates under a Mayor-Council form of government. Some of the services provided are public safety (police and fire protection), water distribution and sewer treatment, and general administrative services.

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

**1. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units". Under GASB Statement No. 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including as component units entities which meet all three of the following requirements:

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

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

**Discretely presented component unit.** The City has one component unit, Daingerfield Economic Development Corporation ("DEDC"). The DEDC was incorporated on October 16, 2007 and is governed by a 7-member board appointed by and serving at the pleasure of the City Council. Thus, the DEDC is legally separate, but due to the City appointing the voting majority of the DEDC board, it is classified as a discretely presented component unit. The nature and significance of the relationship between the primary government and the DEDC is such that exclusion would cause the City's financial statements to be misleading or incomplete.

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

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

**2. Basis of Presentation, Basis of Accounting**

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

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

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

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

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Streets, Administrative Services, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Debt Service Fund, and Revolving Loan Fund. The major proprietary fund is the Water and Sewer Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds.

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

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

**2. Basis of Presentation, Basis of Accounting (continued)**

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

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

**3. Measurement Focus, Basis of Accounting**

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

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, 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 30 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 the obligation has matured and is due and payable shortly after year-end as required by GASB Interpretation No. 6.

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

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

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

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

**3. Measurement Focus, Basis of Accounting (continued)**

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

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

The **Revolving Loan Fund** is used to account for grant funds awarded from U.S. Department of Agriculture, Rural Development Division. These funds are then awarded by the City to new and existing businesses to create or retain jobs and then are repaid to the City.

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

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

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

**4. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

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

The City may invest in certificates of deposits, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements.

**b. Receivable and Payable Balances**

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

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

**c. Restricted Assets**

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

Customer deposits received for water and sewer service are, by law, to be considered restricted assets. These activities are included in the Water and Sewer Fund.

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

**d. Capital Assets**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Construction in progress is not depreciated until the asset is placed in service. There was no interest capitalized in the current period.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

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

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

**e. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The City recognized deferred outflows of resources in the government-wide and proprietary fund financial statements. This item is a consumption of net position by the City that is applicable to a future reporting period. This item is the outflow from changes in net pension liability.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include additional deferred inflows of resources for the amounts that have been earned but are not available to finance expenditures in the current period. The City has four items that are reportable in the governmental fund balance sheet: (1) property taxes earned but not available; (2) court fines that have been earned but not collected, and (3) loan principal and interest receivable on a note receivable, and deferred grant proceeds. The City recognizes in the government-wide and proprietary fund financial statements the deferred inflow of resources for the change in net pension liability.

**f. Compensated Absence**

It is the City's policy to permit employees to accumulate a limited amount of earned, but unused, vacation and compensatory time. All vacation and compensatory time is accrued at the close of the fiscal year in the government-wide and proprietary fund financial statements.

**g. Pensions**

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

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

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2021. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred. During the past two fiscal years, a Net Pension Asset existed rather than a Net Pension Liability based on an the Plan Fiduciary Net Position exceeding the Total Pension Liability.

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

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

**h. Long-term Obligations**

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight-line method and netted with the long-term obligations in the liabilities. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the year they are incurred in accordance with GASB Statement No. 65.

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

**i. Fund Balance Policies**

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

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

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

- **Committed fund balance** - amounts that can only be used for specific purposes determined by a resolution of the City Council. Commitments may be changed or lifted only by a resolution of the City Council. The resolution must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- **Assigned fund balance** - amounts that are constrained by the City's *intent* to be used for specific purposes. The intent can be established by the City Council.
- **Unassigned fund balance** - the residual classification for the City General Fund that includes amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. Committed funds will be used first, followed by assigned funds.

The City's goal is to achieve and maintain an unassigned fund balance in the General Fund equal to 16.67% of expenditures. The City considers a balance of less than 8.34% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance. The City is in compliance with its fund balance policy.

**j. Net Position Flow Assumption**

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

**k. Fund Balance Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the component of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**l. Federal and State Grants**

Grants and shared revenues are generally accounted for within the fund financed. Federal grants from various federal agencies are accounted for in the governmental and proprietary funds.

**m. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

**n. Use of Estimates**

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

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

**o. Program Revenues**

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

**p. Program Expenses**

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

**B. COMPLIANCE AND ACCOUNTABILITY**

**1. Finance-Related Legal and Contractual Provisions**

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

The following fund having deficit fund balances or fund net position at year end, if any, are reported below, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	Not applicable

**CITY OF DAINGERFIELD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Budgets and Budgetary Accounting**

The City annually adopts budgets for the General Fund of the primary government. All appropriations are legally controlled at the department level. The City is required to present the adopted and final amended budget revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- \* The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- \* Public hearings are conducted to obtain taxpayer comments.
- \* Prior to September 30, the budget is legally enacted through passage of an ordinance.
- \* The level of control (the level at which expenditures may not exceed budget) at the department level.

Budgets for the General Fund are legally adopted on a modified accrual basis.

**C. DEPOSITS AND INVESTMENTS**

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

**Cash Deposits**

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$10,027,208 and the bank balance was \$10,111,146. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were covered by FDIC insurance and pledged collateral. Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

**Statement of Net Position:**

**Primary government:**

Cash and cash equivalents	\$ 2,543,065
Restricted cash and cash equivalents	7,484,143
<b>Total cash and cash equivalents</b>	<b><u>\$ 10,027,208</u></b>

**Government - Restricted cash**

Debt	\$ 46,964
Animal shelter	36,411
Revolving loan funds	204,658
Hotel tax	83,325
Court use	37,214
Grant funds	257,159
Public safety-seizure funds	2,058
PEG capital	4,592
	<b><u>672,381</u></b>

**Business-Type:**

Grant funds	6,811,160
Customer Deposits	602
<b>Total restricted cash and cash equivalents</b>	<b><u>6,811,762</u></b>

<b>Total restricted cash</b>	<b><u>\$ 7,484,143</u></b>
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**CITY OF DAINGERFIELD, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***Investments***

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

***Investment Accounting Policy***

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

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Public Funds Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state or local governmental units. The market value of the pledged securities in the collateral pool must equal at least the bank balance, less the FDIC insurance, at all times.

***Interest Rate Risk***

As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

**D. PROPERTY TAXES**

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

Taxes are due October 1, immediately following the levy date, and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at fund level.

In Texas, county-wide appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property.

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

**E. RECEIVABLES**

Receivables at September 30, 2023 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Total</u>
Receivables:			
Taxes	\$ 231,182	\$ -	\$ 231,182
Fees & Services	421,420	186,994	608,414
Allowance for			
Uncollectible	(410,279)	(38,163)	(448,442)
<b>Net Receivables</b>	<b><u>\$ 242,323</u></b>	<b><u>\$ 148,831</u></b>	<b><u>\$ 391,154</u></b>

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

**F. CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 148,750	\$ -	\$ -	\$ 148,750
Construction in Progress	-	-	-	-
<b>Total capital assets, not being depreciated</b>	<b>148,750</b>	<b>-</b>	<b>-</b>	<b>148,750</b>
<b>Capital assets, being depreciated:</b>				
Machinery & Equipment	1,535,222	-	-	1,535,222
Buildings & Improvements	2,574,279	-	-	2,574,279
Infrastructure	4,018,506	297,717	-	4,316,223
<b>Total capital assets, being depreciated</b>	<b>8,128,007</b>	<b>297,717</b>	<b>-</b>	<b>8,425,724</b>
<b>Less accumulated depreciation for:</b>				
Machinery & Equipment	(1,194,546)	(98,628)	-	(1,293,174)
Buildings & Improvements	(1,494,538)	(47,194)	-	(1,541,732)
Infrastructure	(1,510,910)	(133,626)	-	(1,644,536)
<b>Total accumulated depreciation</b>	<b>(4,199,994)</b>	<b>(279,448)</b>	<b>-</b>	<b>(4,479,442)</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,928,013</b>	<b>18,269</b>	<b>-</b>	<b>3,946,282</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 4,076,763</b>	<b>\$ 18,269</b>	<b>\$ -</b>	<b>\$ 4,095,032</b>
	<u>Beginning Balances</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 35,030	\$ -	\$ -	\$ 35,030
Construction in Progress	-	291,100	-	291,100
<b>Total capital assets, not being depreciated</b>	<b>35,030</b>	<b>291,100</b>	<b>-</b>	<b>326,130</b>
<b>Capital assets, being depreciated</b>				
Machinery & Equipment	556,582	-	-	556,582
Buildings & Improvements	132,900	-	-	132,900
Infrastructure	6,354,473	343,640	-	6,698,113
<b>Total assets, being depreciated</b>	<b>7,043,955</b>	<b>343,640</b>	<b>-</b>	<b>7,387,595</b>
<b>Less accumulated depreciation for:</b>				
Machinery & Equipment	(392,629)	(22,816)	-	(415,445)
Buildings & Improvements	(103,522)	(5,245)	-	(108,767)
Infrastructure	(2,713,333)	(161,485)	-	(2,874,818)
<b>Total accumulated depreciation</b>	<b>(3,209,484)</b>	<b>(189,546)</b>	<b>-</b>	<b>(3,399,030)</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,834,471</b>	<b>154,094</b>	<b>-</b>	<b>3,988,565</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 3,869,501</b>	<b>\$ 445,194</b>	<b>\$ -</b>	<b>\$ 4,314,695</b>

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

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

<b>Governmental activities:</b>	
General Government	\$ 23,874
Public Safety	117,035
Parks and Cultural	9,434
Public Works	129,105
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 279,448</u></b>
<b>Business-type activities:</b>	
Water and Sewer	<b><u>\$ 189,546</u></b>

**G. LONG-TERM OBLIGATIONS**

*Changes in Governmental Fund Debt*

<i>Description</i>	<i>Interest Rate Payable</i>	<i>Amounts Original Issue</i>	<i>Amounts Outstanding September 30,</i>			<i>Amounts Outstanding September 30, 2023</i>	<i>Due Within One Year</i>
			<i>2022</i>	<i>Issued</i>	<i>Retired</i>		
Capital lease payable	3.45%	371,786	91,911	-	(48,807)	43,104	43,104
<b>Governmental activities long-term liabilities</b>		<b><u>\$ 371,786</u></b>	<b><u>\$ 91,911</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (48,807)</u></b>	<b><u>\$ 43,104</u></b>	<b><u>\$ 43,104</u></b>

*Changes in Business-type Fund Debt*

	<i>Amounts Outstanding September 30,</i>			<i>Amounts Outstanding September 30,</i>		<i>Due Within One Year</i>
	<i>2022</i>	<i>Issued</i>	<i>Retired</i>	<i>2023</i>		
Notes Payable	\$ 598,387	\$ -	\$ (31,273)	\$ 567,114	\$ 33,600	
Certificates of obligation, Series 2022A	1,685,000	-	(55,000)	1,630,000	55,000	
Certificates of obligation, Series 2022B	1,865,000	-	(60,000)	1,805,000	60,000	
<b>Business-type activities long-term liabilities</b>	<b><u>\$ 4,148,387</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (146,273)</u></b>	<b><u>\$ 4,002,114</u></b>	<b><u>\$ 148,600</u></b>	

<i>Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	148,600	15,987	164,587
2025	149,547	15,040	164,587
2026	150,521	14,066	164,587
2027	151,523	13,065	164,588
2028	152,552	12,035	164,587
2029 to 2033	779,249	43,686	822,935
2034 to 2038	760,122	13,228	773,350
2039 to 2043	595,000		595,000
2044 to 2048	615,000		615,000
2049 to 2052	500,000		500,000
<b>Total</b>	<b><u>4,002,114</u></b>	<b><u>127,107</u></b>	<b><u>4,129,221</u></b>

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

**H. NOTES PAYABLE**

The City entered into a notes payable agreement with Government Capital Corporation to partially fund the purchase and installation of digital water meters within the utility fund. The note originated on September 10, 2021, and totaled \$598,387 to be paid back over fifteen years with an interest rate of 2.819%.

**I. CERTIFICATES OF OBLIGATION**

The City issues Certificates of Obligation, Series 2022A , totaling \$1,685,000, and Series 2022B, totaling \$1,865,000, on April 15, 2022. The proceeds of the Certificates of Obligation are to be used for both water and sewer infrastructure improvements. The Certificates of Obligation have no interest provision and will mature in 2052.

	Amounts Outstanding September 30,			Amounts Outstanding September 30,	Due Within
	2022	Issued	Retired	2023	One Year
Certificates of obligation, Series 2022A	1,685,000	-	(55,000)	1,630,000	55,000
Certificates of obligation, Series 2022B	1,865,000	-	(60,000)	1,805,000	6,000
Business-type activities					
long-term liabilities	<b>\$ 3,550,000</b>	<b>\$ -</b>	<b>\$ (115,000)</b>	<b>\$ 3,435,000</b>	<b>\$ 61,000</b>

Year	Principal	Interest	Total
2024	115,000	-	115,000
2025	115,000	-	115,000
2026	115,000	-	115,000
2027	115,000	-	115,000
2028	115,000	-	115,000
2029 to 2033	575,000	-	575,000
2034 to 2038	575,000	-	575,000
2039 to 2043	595,000	-	595,000
2044 to 2048	615,000	-	615,000
2049 to 2052	500,000	-	500,000
<b>Total</b>	<b>3,435,000</b>	<b>-</b>	<b>3,435,000</b>

**J. HEALTH CARE COVERAGE**

The City offers health and dental insurance through Texas Municipal League Multistate I.B.P. All full-time employees are covered by this insurance plan. The City pays 100% of the premium for each employee. Dependent coverage is offered at cost to the employee. Eye care insurance is offered through Guardian. The City pays 100% of the monthly premium of \$15 a month per employee. Dependent coverage is offered at cost to the employee.

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

**K. PENSION PLAN**

**1. Plan Description**

The City participates as one of 866 plans in the non-traditional, joint contributory, hybrid defined plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**2. Benefits Provided**

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

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

**Plan provisions for the City were as follows:**

	Plan Year	
	2020	2019
Deposit Rate	5%	5%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5 years	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

**Employees covered by benefit terms**

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

	Plan Year	
	2022	2021
Inactive employees or beneficiaries currently receiving benefits	18	16
Inactive employees entitled to but not yet receiving benefits	16	16
Active employees	20	19
	<u>54</u>	<u>51</u>

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

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City's matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.80% and 6.60% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$53,960 and were equal to the required contributions.

**4. Net Pension Liability**

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

***Actuarial assumptions***

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

Inflation	2.50%
Overall payroll growth	2.75%
Investment rate of return	6.75%

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Gender-distinct Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by a factor of 100%. For disabled annuitants, the 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial liability.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation for each major asset class are summarized in the following table:

	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Global equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other public and private markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge funds	5.0%	6.90%
Private equity	10.0%	11.80%
	<b><u>100.0%</u></b>	

***Discount Rate***

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

***Sensitivity of the net position liability to changes in the discount rate***

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

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

<b>Current Single Rate</b>		
<b>1% Decrease</b>	<b>Assumption</b>	<b>1% Increase</b>
<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
<u>\$ 464,702</u>	<u>\$ 105,320</u>	<u>\$ (193,249)</u>

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of (\$7,154).

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

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual economic experience	\$ 18,909	\$ 73,528
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	377,988	165,442
Contributions subsequent to the measurement date of December 31, 2020	38,963	
	<u>\$ 435,860</u>	<u>\$ 238,970</u>

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

A total of \$38,963 was reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<b>Net deferred outflows (inflows) of resources:</b>		
<b>December 31,</b>		
2023	\$	(11,634)
2024		20,888
2025		54,176
2026		94,497
2027		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b><u>157,927</u></b>

**M. INSURANCE COVERAGE**

The City is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the City carries commercial insurance and insurance with Texas Municipal League (TML), a public entity risk pool for municipalities. The City pays this in full each October in order to receive a discount on the cost. In the current fiscal year, the City received a 2% discount. As of September 30, 2023, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. At the end of the current fiscal year, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three years which exceed insurance coverage carried by the City.

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

**N. LITIGATION**

Currently, management of the City of Daingerfield, Texas is unaware of significant pending or threatened litigation against the City as of February 6, 2024.

**O. SUBSEQUENT EVENTS**

The City has evaluated all events or transactions that occurred after September 30, 2023 up through February 6, 2024, the date the financial statements were available to be issued. During this period, management was unaware of subsequent events requiring disclosure.

**P. RELATED PARTY TRANSACTION**

The City has evaluated all events or transactions that occurred after September 30, 2023 up through February 6, 2024, the date the financial statements were available to be issued. During this period, management was unaware of and related events requiring disclosure.

**Q. DAINGERFIELD ECONOMIC DEVELOPMENT CORPORATION**

In accordance with GASB Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, the Daingerfield Economic Development Corporation ("DEDC") is a discretely presented component unit on the combined financial statements. The DEDC was incorporated on October 16, 2007. The corporation is governed by a seven member board appointed by and serving at the pleasure of the City Council. The DEDC's purpose is to promote and develop commercial, industrial and manufacturing enterprises, and expansion of business enterprises, and to promote and encourage employment and public welfare.

**1. Deposits and Investments**

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

***Cash Deposits***

At September 30, 2023, the carrying amount of the DEDC's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,502 and the bank balance was \$6,502. The DEDC's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were covered by FDIC insurance.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

**2. LITIGATION**

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

**3. SUBSEQUENT EVENTS**

The DEDC has evaluated all events or transactions that occurred after September 30, 2023 up through February 6, 2024, the date the financial statements were available to be issued. During this period, management was unaware of subsequent events requiring disclosure.



## REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUE</b>				
Property taxes	\$ 597,741	\$ 597,741	\$ 650,921	\$ 53,180
Franchise taxes	188,000	188,000	167,427	(20,573)
Sales tax	606,286	606,286	645,370	39,084
Charge for Services	418,544	418,544	429,544	11,000
Donations	600	600	438	(162)
Intergovernmental-local & state	12,210	12,210	12,210	-
Interest income	6,600	6,600	43,483	36,883
Grants	240,000	240,000	21,652	(218,348)
Miscellaneous	40,500	40,500	106,106	65,606
<b>Total revenues</b>	<u>2,110,481</u>	<u>2,110,481</u>	<u>2,077,151</u>	<u>(33,330)</u>
<b>EXPENDITURES</b>				
General government	205,964	205,964	247,264	(41,300)
Public safety	617,606	617,606	684,699	(67,093)
Public services and operations	225,381	225,381	229,864	(4,483)
Public works	283,066	283,066	316,503	(33,437)
Parks and cultural	90,883	90,883	70,984	19,899
Sanitation	357,251	357,251	410,630	(53,379)
Capital Outlay:				
General government	6,820	6,820	16,000	(9,180)
Public safety	106,525	106,525	-	106,525
Public works	497,580	497,580	281,717	215,863
Debt Service:				
Principal	261,666	261,666	40,407	221,259
Interest expense	-	-	2,925	(2,925)
<b>Total expenditures</b>	<u>2,652,742</u>	<u>2,652,742</u>	<u>2,300,993</u>	<u>351,749</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(542,261)	(542,261)	(223,842)	318,419
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in(out)	250,000	250,000	(60,041)	(310,041)
<b>Total other financing sources (uses)</b>	<u>250,000</u>	<u>250,000</u>	<u>(60,041)</u>	<u>(310,041)</u>
<b>Excess of revenues and other financing sources over (under) expenditures and financing uses</b>	(292,261)	(292,261)	(283,883)	8,378
<b>Fund Balance/Equity, October 1</b>	1,335,696	-	1,335,696	
<b>Fund Balance/Equity, September 30</b>	<u>\$ 1,043,435</u>	<u>\$ (292,261)</u>	<u>\$ 1,051,813</u>	

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

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

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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 49,532	\$ 50,267	\$ 52,355	\$ 47,331	\$ 48,719
Contributions in relation to the actuarially determined contribution	\$ 49,532	\$ 50,267	52,355	47,331	48,719
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 748,222	\$ 759,323	\$ 758,761	\$ 736,095	\$ 750,674
Contributions as a percentage of covered employee payroll	6.62%	6.62%	6.90%	6.43%	6.49%
	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 53,960	\$ 49,636	\$ 48,275	\$ 47,514	\$ 47,137
Contributions in relation to the actuarially determined contribution	\$ 53,960	\$ 49,636	\$ 48,275	\$ 47,514	\$ 47,137
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 884,594	\$ 862,198	\$ 874,403	\$ 770,632	\$ 714,713
Contributions as a percentage of covered employee payroll	6.10%	5.76%	5.52%	6.17%	6.60%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

Valuation Date:

Notes

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method           Entry Age Normal  
Amortization Method           Level Percentage of Payroll, Closed  
Remaining Amortization Period N/A  
Asset Valuation Method       10-year smoothed market; 12% soft corridor

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

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

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Total Pension Liability</b>									
Service cost	\$ 97,906	\$ 91,602	\$ 93,649	\$ 82,072	\$ 75,259	\$ 78,040	\$ 79,273	\$ 72,917	\$ 69,278
Interest (on the total pension liability)	203,375	195,952	183,254	172,060	169,801	168,760	162,338	159,988	150,881
Change in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(109,050)	42,831	27,684	(4,264)	(97,171)	(105,843)	(49,328)	(45,057)	(9,378)
Change of assumptions	-	-	-	7,712	-	-	-	15,974	-
Benefit payments, including refunds of employee contributions	(320,126)	(127,013)	(103,875)	(91,187)	(144,453)	(103,857)	(89,178)	(85,903)	(79,089)
<b>Net Change in Total Pension Liability</b>	<b>(127,895)</b>	<b>203,372</b>	<b>200,712</b>	<b>166,393</b>	<b>3,436</b>	<b>37,100</b>	<b>103,105</b>	<b>117,919</b>	<b>131,692</b>
<b>Total Pension Liability - Beginning</b>	<b>3,124,076</b>	<b>2,920,704</b>	<b>2,719,992</b>	<b>2,553,599</b>	<b>2,550,163</b>	<b>2,513,063</b>	<b>2,409,958</b>	<b>2,292,039</b>	<b>2,160,347</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 2,996,181</b>	<b>\$ 3,124,076</b>	<b>\$ 2,920,704</b>	<b>\$ 2,719,992</b>	<b>\$ 2,553,599</b>	<b>\$ 2,550,163</b>	<b>\$ 2,513,063</b>	<b>\$ 2,409,958</b>	<b>\$ 2,292,039</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 49,900	\$ 48,189	\$ 48,966	\$ 47,317	\$ 49,387	\$ 54,021	\$ 50,267	\$ 52,392	\$ 47,331
Contributions - employee	43,017	42,645	43,720	38,532	35,736	37,411	37,966	37,938	36,805
Net investment income	(245,473)	392,289	213,168	377,038	(77,206)	315,462	144,247	3,141	114,972
Benefit payments, including refunds of employee contributions	(320,126)	(127,013)	(103,875)	(91,187)	(144,453)	(103,857)	(89,178)	(85,903)	(79,089)
Administrative expense	(2,124)	(1,815)	(1,379)	(2,130)	(1,492)	(1,634)	(1,629)	(1,913)	(1,200)
Other	2,533	13	(54)	(65)	(78)	(83)	(88)	(94)	(99)
<b>Net Change in Fiduciary Net Position</b>	<b>(472,273)</b>	<b>354,308</b>	<b>200,546</b>	<b>369,505</b>	<b>(138,106)</b>	<b>301,320</b>	<b>141,585</b>	<b>5,560</b>	<b>118,720</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,363,134</b>	<b>3,008,826</b>	<b>2,808,280</b>	<b>2,438,775</b>	<b>2,576,882</b>	<b>2,275,562</b>	<b>2,133,977</b>	<b>2,128,417</b>	<b>2,009,697</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 2,890,861</b>	<b>\$ 3,363,134</b>	<b>\$ 3,008,826</b>	<b>\$ 2,808,280</b>	<b>\$ 2,438,776</b>	<b>\$ 2,576,882</b>	<b>\$ 2,275,562</b>	<b>\$ 2,133,977</b>	<b>\$ 2,128,417</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 105,320</b>	<b>\$ (239,058)</b>	<b>\$ (88,122)</b>	<b>\$ (88,288)</b>	<b>\$ 114,823</b>	<b>\$ (26,719)</b>	<b>\$ 237,501</b>	<b>\$ 275,981</b>	<b>\$ 163,622</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>96.48%</b>	<b>107.65%</b>	<b>103.02%</b>	<b>103.25%</b>	<b>95.50%</b>	<b>101.05%</b>	<b>90.55%</b>	<b>88.55%</b>	<b>92.86%</b>
<b>Covered Employee Payroll</b>	<b>\$ 860,337</b>	<b>\$ 852,908</b>	<b>\$ 874,403</b>	<b>\$ 770,632</b>	<b>\$ 714,713</b>	<b>\$ 748,222</b>	<b>\$ 759,323</b>	<b>\$ 758,761</b>	<b>\$ 736,095</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>12.24%</b>	<b>-28.03%</b>	<b>-10.08%</b>	<b>-11.46%</b>	<b>16.07%</b>	<b>-3.57%</b>	<b>31.28%</b>	<b>36.37%</b>	<b>22.23%</b>

## SUPPLEMENTARY INFORMATION

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

	<b>EDC Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,502
Receivables (net of allowance for uncollectibles)	-
<b>Total assets</b>	<u>6,502</u>
<b>FUND BALANCE</b>	
Unassigned	<u>6,502</u>
<b>Total fund balance</b>	<u>6,502</u>
<b>Total liabilities and fund balance</b>	<u>\$ 6,502</u>

**CITY OF DANGERFIELD, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION - ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2023**

Total fund balance - governmental funds balance sheet	<u>\$ 6,502</u>
Amounts reported for governmental activities in the statement of net position are different because:	
No reconciling items.	-
Net position of governmental activities - statement of net position	<u><u>\$ 6,502</u></u>

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

	<u>EDC Fund</u>
<b>REVENUES</b>	
Investment income	\$ 71
<b>Total revenues</b>	<u>71</u>
<b>EXPENDITURES</b>	
Current:	
Contract services	1,435
<b>Total expenditures</b>	<u>1,435</u>
<b>Net change in fund balance</b>	(1,364)
<b>Fund balance, beginning of year</b>	7,866
<b>Fund balance, end of year</b>	<u>\$ 6,502</u>

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

Net change in fund balance - total governmental funds	<u>\$ (1,364)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
No reconciling items.	\$ -
Change in net position of governmental activities - statement of activities	<u><u>\$ (1,364)</u></u>

CITY OF DAINGERFIELD, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2023

	HIF Grant	Court Building Security Fund	Court Technology Fund	Child Safety School Zone	Motel Tax Fund	Animal Shelter Donations	PEG Access Fees	Library Donations Fund	TX Capital Grant Fund	Local Truancy Fund	Municipal Court Jury	Total
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash and cash equivalents	394	18,499	4,826	11,604	81,924	36,411	4,592	-	900	3,241	50	162,441
<b>Total assets</b>	<u>394</u>	<u>18,499</u>	<u>4,826</u>	<u>11,604</u>	<u>81,924</u>	<u>36,411</u>	<u>4,592</u>	<u>-</u>	<u>900</u>	<u>3,241</u>	<u>50</u>	<u>162,441</u>
<b>LIABILITIES</b>												
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>												
Restricted:												-
Motel tax	-	-	-	-	81,924	-	-	-	-	-	-	81,924
Court use	-	18,500	4,825	11,603	-	-	-	-	-	3,241	50	38,219
PEG capital	-	-	-	-	-	-	4,592	-	-	-	-	4,592
Assigned:												
Parks and cultural	394	-	-	-	-	-	-	-	900	-	-	1,294
Animal shelter	-	-	-	-	-	36,411	-	-	-	-	-	36,411
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<u>394</u>	<u>18,500</u>	<u>4,825</u>	<u>11,603</u>	<u>81,924</u>	<u>36,411</u>	<u>4,592</u>	<u>-</u>	<u>900</u>	<u>3,241</u>	<u>50</u>	<u>162,440</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>394</u>	<u>18,500</u>	<u>4,825</u>	<u>11,603</u>	<u>81,924</u>	<u>36,411</u>	<u>4,592</u>	<u>-</u>	<u>900</u>	<u>3,241</u>	<u>50</u>	<u>162,440</u>

**CITY OF DAINGERFIELD, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2023**

	HIF Grant	Court Building Security Fund	Court Technology Fund	Child Safety School Zone	Motel Tax Fund	Animal Shelter Donations	PEG Access Fees	Library Donations Fund	TX Capital Grant Fund	Local Truancy Fund	Municipal Court Jury	Total
<b>REVENUES</b>												
Motel taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,931
Fines and forfeitures	-	459	400	(133)	-	-	-	-	-	378	8	1,112
Charges for current services	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	685	-	-	-	-	-	685
Interest earnings	-	168	42	93	1,193	351	23	-	-	-	-	1,870
<b>Total revenues</b>	<u>-</u>	<u>627</u>	<u>442</u>	<u>(40)</u>	<u>8,124</u>	<u>1,036</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>378</u>	<u>8</u>	<u>10,598</u>
<b>EXPENDITURES</b>												
Current:												
Miscellaneous	-	4,235	3,814	-	-	-	-	-	-	-	-	8,049
<b>Total expenditures</b>	<u>-</u>	<u>4,235</u>	<u>3,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,049</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(3,608)</u>	<u>(3,372)</u>	<u>(40)</u>	<u>8,124</u>	<u>1,036</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>378</u>	<u>8</u>	<u>2,549</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - beginning	394	22,108	8,197	11,643	73,800	35,375	4,569	-	900	2,863	42	159,891
<b>Fund balance - ending</b>	<u>\$ 394</u>	<u>\$ 18,500</u>	<u>\$ 4,825</u>	<u>\$ 11,603</u>	<u>\$ 81,924</u>	<u>\$ 36,411</u>	<u>\$ 4,592</u>	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 3,241</u>	<u>\$ 50</u>	<u>\$ 162,440</u>