



ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2022

CITY OF
MCGREGOR, TX

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***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of McGregor, Texas

**For the Year Ended
September 30, 2022**

Prepared by

Carolyn Baker
Finance Director



City of McGregor, Texas

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INTRODUCTORY SECTION



August 11, 2023

Honorable Mayor, Members of the City Council, and
Citizens of the City of McGregor, Texas

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of McGregor (the "City") for the fiscal year ended September 30, 2022. The purpose of this report is to provide the Council, the public, management, staff, and other interested parties with detailed information reflecting the City's financial condition. The Texas Local Government Code Chapter 103.001 requires an annual audit of municipalities. This statutory requirement is addressed in the City's financial management plan, which includes the objective that a Comprehensive Annual Financial Report will be prepared by the Director of Finance. The Comprehensive Annual Financial Report includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The City has complied with this requirement and the auditors' report is included.

The City's independent auditor, BrooksWatson & Co., has issued an unmodified opinion on the City of McGregor's financial statement for the year ended September 30, 2022. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the City

The City of McGregor, Texas, is located in McLennan County, adjacent to Waco, Texas on its western boundary. The City was incorporated as a Texas municipal corporation in 1882. It has an estimated population of 5,763 residents. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries. Among its additional powers is that of annexation to extend the corporate limits when requested.

The City of McGregor is a home rule city operating under a council/manager form of government. The City Council is comprised of the Mayor and five Council members. The Mayor and one council member are elected at-large, and the remaining council members are elected by ward, with all serving two year terms. The Mayor Pro-Tem is selected by the City Council from among the council members. The City Council is responsible for adopting the annual budget, appointing committees, hiring the City Attorney, City Manager, City Secretary and Municipal Court Judge, as well as enacting ordinances and establishing the tax rate.

The City Manager, appointed by the City Council, is the chief administrative officer for the City, and is responsible for appointing the various department directors, implementing the policies and ordinances adopted by the City Council, and managing day-to-day operations of the City.

The basic financial statements of the City include all governmental activities, functions and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). The City is also accountable for a legally separate McGregor Economic Development Corporation (MEDC). Additional information on the MEDC can be found in the notes to the financial statements.

Services Provided

The City of McGregor is a full service city and provides the following: maintenance of streets and infrastructure; parks, recreation and cultural activities; public safety including emergency management, police and (volunteer) fire; solid waste services through third party contract; water and wastewater distribution and collection systems, and an executive airport. The City also provides emergency medical services through a third party contract with Coryell Memorial EMS.

Economic Conditions and Outlook

The City of McGregor benefits from its location in the growing Central Texas area. It is situated at the junction of US Highway 84 and State Highway 317 in Western McLennan County. These thoroughfares carry thousands of vehicles every day.

This largely rural community provides a variety of industrial, commercial and retail opportunities. The McGregor Industrial Park covers over 9,000 acres of developable land and is the site of the former Navy Weapons Industrial Reserve Plant. It was transferred to the city as the result of congressional action beginning in 1974. This process was completed in 2006, when the City received a Ready for Reuse Determination from the Texas Commission on Environmental Quality and the U.S. Environmental Protection Agency. SpaceX is the anchor tenant in the McGregor Industrial Park. The McGregor Industrial Park acquired the “mega-site/super-park” certification they had been seeking in January 2020. This certification has generated multiple inquiries with the potential of hundreds of millions of dollars in investments. In fiscal year 2021 Knauf Industries, Messer and SpaceX announced new developments within the Industrial Park. We currently have three buildings under construction that will add over \$400M in CapEx. In addition, we are currently in discussions with various other entities for which we anticipate announcing new developments within the year.

McGregor provides air access to the area by means of the McGregor Executive Airport. This former World War II training facility was acquired by the city in 1947. It has been the recipient of extensive capital improvements by the Texas Department of Transportation (TxDOT) Aviation Division with grants totaling in excess of \$10 million, which includes grants for the expansion of taxiway and hangar facilities, a grant to install a game resistant perimeter fence and a grant to construct apron area, t-hangars and to rehabilitate the runway.

The airport is a public-use, general aviation facility that serves the region’s air transportation requirements. The primary runway 17-35 is 5,501 foot in length and capable to accommodate jets up to 50,000 lbs. dual wheel. Runway 4-22 is a 3,484 foot runway capable of aircraft up to 12,500 lbs. Runway 17-35 is equipped with medium intensity runway lighting, Precision Approach Path Indicator (PAPI). Operations at the airport are supported by VOR and RNAV (GPS) approaches. Additional services include avgas and jet fuel services, major airframes / powerplant repair and avionics repair station.

The airport supports several aviation businesses who provide services for the flying community which include a Fixed Base Operator (FBO), aircraft management / sales, flight school, sightseeing, and air cargo operations. In addition, the airport hosts the Experimental Aircraft Association Chapter 59 who operate a museum and support the Young Eagles program. The Airport is experiencing growth with a waiting list for t-hangars. In addition the Airport currently has thirty-one (31) private hangars.

The City also houses the only AMTRAK Station in McLennan County. This facility was built by the Santa Fe Railway and dates to 1904. Amtrak boarded 3,344 riders in 2022 with annual ticket sales of \$209,290. The McGregor Amtrak station is served by two commuter trains daily. Local interest has focused on ways to enhance and beautify this facility in hopes of expanding the tourism base that it represents. It is within walking distance of the downtown area where retail services include restaurants, antique, clothing and furniture stores.

McGregor has a good residential base and is within easy commuting distance to many Waco attractions as well as Interstate 35. A mix of residential housing (single and multi-family) is being constructed; such expansion is a necessary component of supporting the industrial base of the City.

The City is experiencing growth with the addition of new businesses, new homes and new multi-family housing units. The Industrial Park continues to grow with the recent additions of Knauf Manufacturing, Messer Industries, and Allied Steel Buildings. While the City of McGregor welcomes the growth, the City must be able to keep up with the growing demand for services. The City Council and staff must continue to work towards a sustainable level of finances so demands for services are met on a timely basis.

Long-term Financial Planning

In recent years the City has attended to its capital planning needs to prepare for growth and expansion in the community. This includes preparation and adoption of a master water plan, a park recreation and open space master plan and a master wastewater plan. City staff continually reviews the comprehensive master plan, zoning ordinances and the subdivision regulations.

The City has implemented revised water and wastewater rates designed to provide for the delivery of current services; establish a defined revenue source for debt service on new improvements; and set up a long-term capital reserve. The City continues to improve or replace infrastructure. Attending to the infrastructure needs of the City is one of the best ways to enhance economic development. Improved water and wastewater systems will service industrial, commercial, retail and residential prospects who seek to locate in McGregor.

In 2013, the City of McGregor, in cooperation with the McGregor Economic Development Corporation, the McGregor Chamber of Commerce, and the McGregor Independent School District, completed a long-term planning process known as “McGregor Vision 2030, Pushing the Limits.” The plan was reviewed and reevaluated during fiscal year 2017. As a part of this process the City and EDC joined together to purchase an abandoned building which has been converted into an event center. There has been significant interest in the use of the Event Center. The most common uses have been quinceañeras and weddings. The City is currently undertaking another long-term planning process to continue monitoring the growth and desired outcomes.

City-wide street improvements including utility line relocations and acquisition of road maintenance equipment was attained with the proceeds from the Series 2016 CO's. In addition, the City added an additional overhead storage tank to increase water capacity. In 2017, CO's were issued to construct city-wide street improvements (including utility line relocations), construct a splash pad, Water and

Wastewater System improvements, City Hall renovations and City Park improvements. The Water and Wastewater System improvements and City Hall renovations were completed in FY 2018 and FY 2019. The street improvements have been completed. The splash pad project is currently moving forward with completion anticipated by the end of fiscal year 2023.

In 2018, funds were acquired to fund a 16" water line that connects the Cities of McGregor, Waco and Woodway. All three cities participated in the funding of the waterline and completion incurred in fiscal year 2021.

In 2021, the City issued a General Obligation Refunding Bond paying off the 2010 Certificate of Obligation and saving the City in excess of one half million dollars.

The City entered into a Contractual Obligation Series 2022 for the purchase of a Pierce fire engine to be added to the fleet. Delivery of the new engine is expected in 2024.

Park improvements added in FY 19 included new LED lighting for the ballfields, constructing a disc golf course in Amsler Park and new playground equipment placed in Launch Pad Park. Bewley Park and Kasting Park are in the planning stages for new updates. The disc golf course has proven to be a success with professionals from around the world playing in the Annual July 4th tournament.

Local Economy

Due to its excellent location, McGregor provides a host of services to support the farming and ranching industry. These include numerous feed and farm related retail operations that provide resources as well as jobs for local residents.

McGregor is home to two automobile dealerships, three financial institutions, financial planning and accounting services, legal services, various retail stores, a weekly newspaper, a chamber of commerce, a state certified economic development board and numerous dining establishments. Behlen Country Manufacturing, a maker of farming equipment and a major employer, has set up operations in McGregor and purchased the building previously owned by Smead Manufacturing. The Trane Company builds HVAC units and is one of the City's top ten employers. Ferguson Enterprises, SpaceX, McGregor ISD, Westview Mano, Trans Tech, Look Trailers, and Heart of Texas Electric Co-Op round out the top ten employers.

McGregor's air, highway, and rail transportation systems provide ideal access to the community. Enhanced public access can be a catalyst to development and expanded opportunities for business, commercial, industrial and retail activity.

The McGregor Industrial park is home to Ferguson Industries (the world's largest distributor of Kohler products) and Space Exploration Technologies, Inc. (Space X), which has contracts with NASA to develop rocket engines to enable space freight aircraft to access the International Space Station. The City has recently renewed and expanded a lease agreement with Space X which includes an option for the company to purchase the property. The City has lease agreements with several other vendors in the Industrial Park.

McGregor stands to benefit from a unique mix of rural, urban and regional elements coupled with transportation enhancements that few smaller cities can offer. Added to this are the capital and strategic planning efforts that establish the basis for expanded business opportunity, recreation and quality of life.

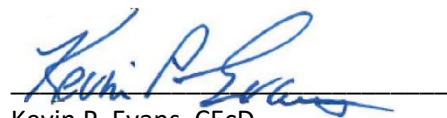
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city of McGregor for its comprehensive annual financial reports for the fiscal years ended September 30, 2009 through September 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

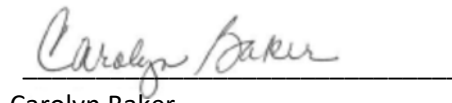
A certificate of Achievement is awarded for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

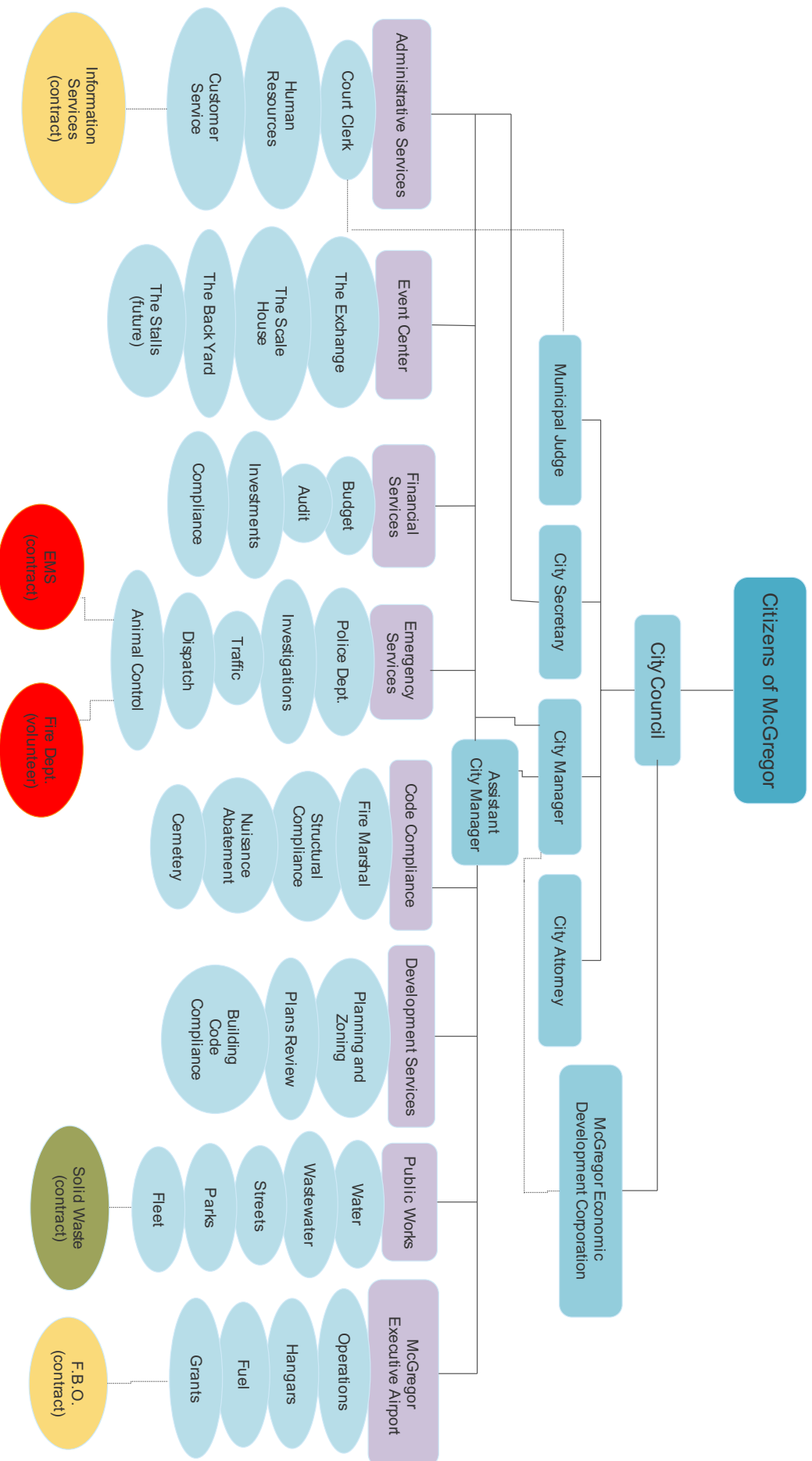
Respectfully Submitted,

A handwritten signature in blue ink, reading "Kevin P. Evans", is written over a horizontal line.

Kevin P. Evans, CECd
City Manager

A handwritten signature in blue ink, reading "Carolyn Baker", is written over a horizontal line.

Carolyn Baker
Finance Director





City of McGregor, Texas
City Officials

Elected Officials:

Mayor	Jimmy Hering	At-Large
Mayor Pro-Tem	Paul Allison	Ward 2
Council Member	Sherry Adams	At-Large
Council Member	Andrew Henderson, Sr	Ward 1
Council Member	Steven Dutschmann	Ward 3
Council Member	Renee Flores	Ward 4

Appointed Officials:

City Manager	Kevin P. Evans
Chief of Police	James W. Burson, Sr.
City Secretary	Angelia Sloan
Airport Manager	Barry Lightfoot
Finance Director	Carolyn Baker
Code Compliance Director	Paul Estrada
Planning Director	Bryan LeMeilleur
MEDC Director	Andrew Smith
Exchange Event Center Director	Cassie Thomas
Public Works Director	Chad Saylor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McGregor
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of McGregor, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McGregor, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McGregor, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.H. to the financial statements, due to the implementation of GASB Statement No. 87, *Leases*, the City restated prior year receivables and deferred inflows in order to recognize lease receivables and related deferred balances. In addition, the City changed the presentation of the previously presented water fund and sewer fund, which are now presented as a single utility fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

This accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
August 11, 2023



City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2022

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the City of McGregor's financial activities for the year ending September 30, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Financial Highlights

- The City's total combined net position was \$32,938,268 at September 30, 2022. Of this, \$8,661,631 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$24,640,569, an increase of \$18,723,324. This increase is primarily due to the issuance of new debt totaling \$17,809,000 during the current year.
- As of the end of the year, the unassigned fund balance of the general fund was \$4,250,917 or 100% of total general fund expenditures.
- The City had an overall increase in net position of \$1,468,077.
- The City's net pension liability totaled \$269,366 as of year end.

Overview of Financial Statements

The discussion and analysis provided here are 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) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include administrative, community, development, emergency, financial, and municipal services. The business-type activities of the City include water, wastewater, and municipal airport operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate McGregor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of McGregor. They are usually segregated for specific activities or objectives. The City of McGregor uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The categories of City funds are governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable*

City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

resources, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City of McGregor maintains thirteen 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, capital projects fund, and the TIRZ fund, which are considered major funds, and the aggregate nonmajor funds.

The City of McGregor adopts an annual appropriated budget general, debt service, hotel/motel tax, court technology, court building security, cemetery, and exchange event center funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and municipal airport operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Component Units

The City maintains the accounting and financial statements for one component unit. The McGregor Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

The Tax Increment Financing Reinvestment Zone fund ("TIRZ") is a special purpose fund that collects property taxes within its boundaries to encourage and accelerate planned development of a certain geographical area. The City Council exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. Therefore, the TIRZ fund is reported as a blended component unit, and it functions similar to a department of the City.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2022

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of McGregor, assets and deferred outflows exceeded liabilities and deferred inflows by \$32,938,268 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$22,397,692, reflects its investments in capital assets (e.g., land, city hall, park pools, streets, and water and wastewater infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The most significant change in governmental activities resulted in an increase of cash of hand and long-term liabilities compared to the prior year. During the year, the City issued Certificates of Obligation in the amount of \$16,974,000 and remained primarily unspent as of yearend.

Business-type activities experienced an increase in current and other assets, which is a direct result of greater cash on hand. This increase in cash is primarily due to operating surpluses during the year.

Long-term liabilities for business-type activities decreased primarily as a result of principal payments during the current year. Long-term liabilities for governmental activities increased primarily due to the aforementioned issuance of Certificates of Obligations during the year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 28,235,798	\$ 5,101,209	\$ 33,337,007	\$ 10,383,449	\$ 4,268,685	\$ 14,652,134
Capital assets	16,766,031	23,029,981	39,796,012	16,671,485	23,640,670	40,312,155
Total Assets	45,001,829	28,131,190	73,133,019	27,054,934	27,909,355	54,964,289
Deferred Outflows of Resources	208,647	119,661	328,308	195,594	93,552	289,146
Other liabilities	759,145	868,443	1,627,588	545,380	711,390	1,256,770
Long-term liabilities	27,340,020	7,195,141	34,535,161	10,123,526	7,791,123	17,914,649
Total Liabilities	28,099,165	8,063,584	36,162,749	10,668,906	8,502,513	19,171,419
Deferred Inflows of Resources	3,348,895	1,011,415	4,360,310	3,851,416	760,409	4,611,825
Net Position:						
Net investment in capital assets	6,554,513	15,843,179	22,397,692	7,182,107	15,982,861	23,164,968
Restricted	1,878,945	-	1,878,945	1,247,350	-	1,247,350
Unrestricted	5,328,958	3,332,673	8,661,631	4,300,749	2,757,124	7,057,873
Total Net Position	\$ 13,762,416	\$ 19,175,852	\$ 32,938,268	\$ 12,730,206	\$ 18,739,985	\$ 31,470,191

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Activities:

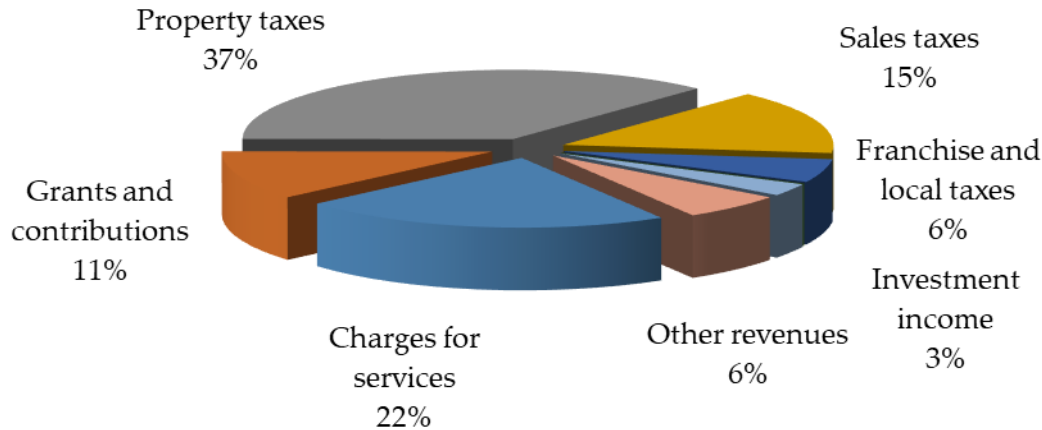
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,697,656	\$ 5,416,824	\$ 7,114,480	\$ 1,696,856	\$ 5,267,454	\$ 6,964,310
Grants and contributions	872,530	42,935	915,465	1,128,961	804,937	1,933,898
General revenues:						
Property taxes	2,817,468	-	2,817,468	2,793,131	-	2,793,131
Sales taxes	1,136,821	-	1,136,821	888,446	-	888,446
Franchise and local taxes	414,993	-	414,993	375,820	-	375,820
Investment income	221,832	9,703	231,535	21,511	2,098	23,609
Other revenues	470,389	175,141	645,530	35,094	85,133	120,227
Total Revenues	7,631,689	5,644,603	13,276,292	6,939,819	6,159,622	13,099,441
Expenses						
Administrative services	1,749,945	-	1,749,945	1,629,524	-	1,629,524
Community services	678,307	-	678,307	445,998	-	445,998
Development services	178,303	-	178,303	150,474	-	150,474
Emergency services	1,700,255	-	1,700,255	1,548,277	-	1,548,277
Municipal services	1,257,969	-	1,257,969	1,079,978	-	1,079,978
Financial services	147,447	-	147,447	187,523	-	187,523
Interest and fiscal charges	927,883	197,001	1,124,884	305,336	283,827	589,163
Water and wastewater	-	4,539,127	4,539,127	-	4,076,344	4,076,344
Airport	-	431,978	431,978	-	396,336	396,336
Total Expenses	6,640,109	5,168,106	11,808,215	5,347,110	4,756,507	10,103,617
Change in Net Position Before Transfers	991,580	476,497	1,468,077	1,592,709	1,403,115	2,995,824
Transfers	40,630	(40,630)	-	(310,601)	310,601	-
Total	40,630	(40,630)	-	(310,601)	310,601	-
Change in Net Position	1,032,210	435,867	1,468,077	1,282,108	1,713,716	2,995,824
Beginning Net Position	12,730,206	18,739,985	31,470,191	11,448,098	17,026,269	28,474,367
Ending Net Position	\$ 13,762,416	\$ 19,175,852	\$ 32,938,268	\$ 12,730,206	\$ 18,739,985	\$ 31,470,191

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

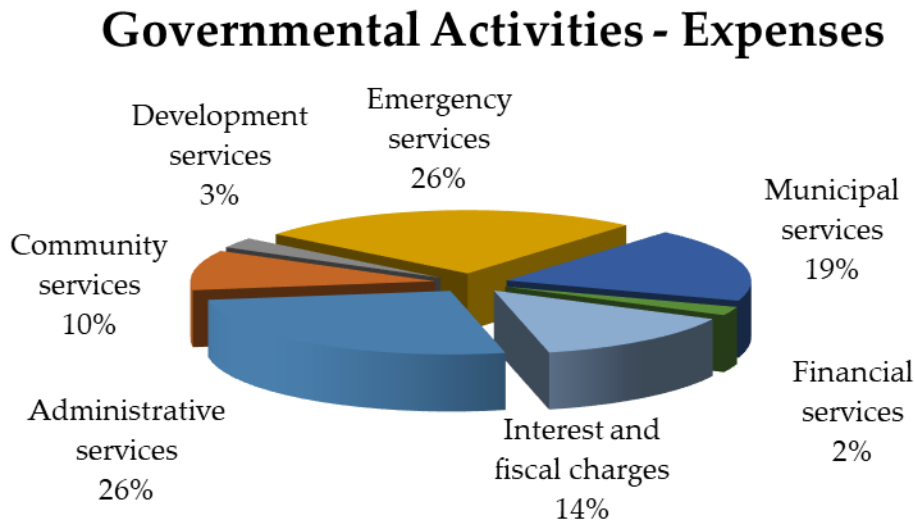
Governmental Activities - Revenues



For the year ended September 30, 2022, revenues from governmental activities totaled \$7,631,689. Property tax, sales tax, and charges for services are the City's largest revenue sources. Sales taxes and franchise taxes increased by \$248,375 or 28% or \$39,173 and 10%, respectively, due to economic growth fueled by local purchases. Grants and contributions decreased by \$256,431 or 23% due to nonrecurring grants received for street improvements through the American Rescue Plan Act in the prior year. Investment income increased \$200,321 or 931% primarily due to greater interest-bearing accounts and the realization of higher interest rates in the current year. Other revenues increased by \$435,295 or over 100% as a result of nonrecurring proceeds from sale of assets in the current year. All other revenues remained relatively stable when compared to the previous year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

This graph shows the governmental function expenses of the City:

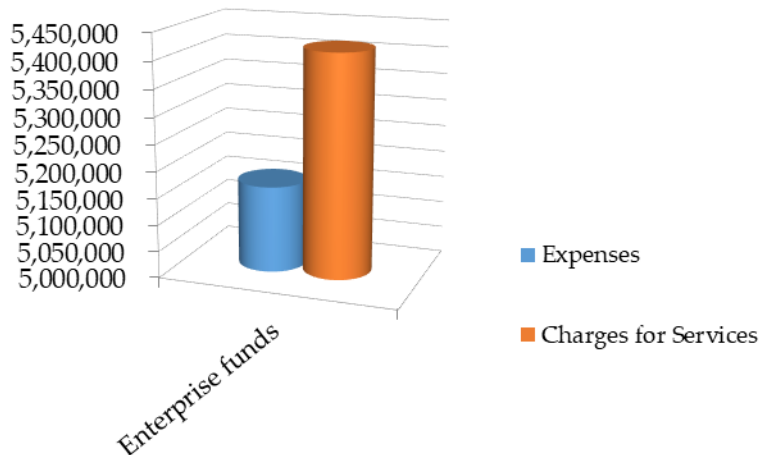


For the year ended September 30, 2022, expenses for governmental activities totaled \$6,640,109. This represents an increase of \$1,292,999 or 24% from the prior year. The City's largest functional expense is administrative services of \$1,749,945. Administrative services expenses increased by \$120,421 or 7% primarily due to nonrecurring consulting and legal fees incurred as the City was establishing the TIRZ during the current year. Community services increased by \$232,309 or 52% primarily due to greater personnel costs resulting from current pay raises, hiring more lifeguards, and moving two employees from development services to park services in the current year. Emergency services increased by \$151,978 or 10% primarily due to greater personnel costs, resulting from the increase in the City's net pension and OPEB liabilities over the course of the year. Municipal services increased by \$177,991 or 16% primarily due to nonrecurring street repairs in the current year. Interest and fiscal charges increased by \$622,547 or over 100% primarily due to nonrecurring bond issuance costs recognized in the current year and the accrued interest associated with the new bond issuances. All other expenditures remained relatively consistent with the previous year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2022, charges for services by business-type activities totaled \$5,416,824. This is an increase of \$149,370 or 3% from the previous year and considered minimal.

Total expenses increased \$411,599 or 9%, which is primarily due to greater personnel costs, annual depreciation, system and meter maintenance, and nonrecurring engineering fees recognized in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a total fund balance of \$5,069,171. Of this, \$818,254 is non-spendable prepaid items. Unassigned fund balance totaled \$4,250,917 as of year end. General fund balance increased by \$2,190,507 primarily due to greater sales taxes and land lease revenues compared to the prior year and bond issuance of \$835,000. In addition, the fund recognized nonrecurring proceeds from sale of assets in the current year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

The debt service fund reflected a total fund balance of \$49,200, a decrease of \$116,317 from the prior year. The decrease is primarily due to the additional use of interest and sinking funds on bond obligations exceeding current year ad valorem taxes received.

The capital projects fund reflected a total fund balance of \$1,156,053, a slight decrease of \$5,168. This decrease is a direct result of capital outlay expenditures exceeding other revenue and transfers in from other funds.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$2,190,507 in the general fund. This is a combination of positive revenue and expenditure variances of \$563,908 and \$1,193,432, respectively.

There were no general fund budget amendments during the year. The primary reason for the positive revenue variance is due to greater than anticipated sales taxes and land lease revenue. The primary reason for the positive expenditure variance is primarily due to less than anticipated development, emergency, and municipal services during the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$16,766,031 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$23,029,981 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following additions:

- Made improvements to the fire station for \$29,295.
- Multiple street improvements totaling \$118,188.
- New roof for police department totaling \$38,860.
- Railroad spur line improvements for \$76,548.
- TIRZ street improvement project totaling \$153,935.
- Purchased a new asphalt hot box and recycler for \$22,000.
- Purchased a Caterpillar compactor for \$30,000.
- Purchased multiple pieces of equipment totaling \$84,683.
- Improvements to Judith Road totaling \$87,693.
- Rodeo Tower Industrial Park improvements totaling \$373,672.
- Purchased supplies for water wells totaling \$77,709.

City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2022

- Purchased equipment for the Johnson Drive pump station for \$22,412.
- Purchased a new Ram 1500 for \$41,540.
- Johnson Drive construction totaling \$251,698.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds, notes payable, and leases outstanding of \$33,904,823 (including premiums). During the year, the City made payments on long-term totaling \$1,242,458. The City issued \$16,974,000 worth of Certificates of Obligation and \$835,000 worth of contractual obligations during the year. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of McGregor and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

The following known factors were considered in preparing the City's operating budget for fiscal year 2022-2023:

- The fiscal year 2023 budget will raise more total property taxes than last year's budget by \$535,871 19.11%). Of that amount, \$91,047 is tax revenue to be raised from new property added to the tax roll.
- The adopted property tax rate for fiscal year 2022-2023 has increased from \$0.546945 in the prior year to \$0.548028 per \$100 valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of McGregor's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance & Administrative Services, 300 West Main Street, P.O. Box 347, McGregor, Texas 75021.



FINANCIAL STATEMENTS

City of McGregor, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2022

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		MEDC
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 23,980,566	\$ 3,560,542	\$ 27,541,108	\$ 817,489
Restricted assets - cash	-	17	17	-
Receivables, net	474,805	716,935	1,191,740	131,185
Lease receivables - current	790,277	28,825	819,102	-
Prepaid items	818,254	497	818,751	370
Total Current Assets	26,063,902	4,306,816	30,370,718	949,044
Noncurrent assets:				
Lease receivables - noncurrent	2,171,896	794,393	2,966,289	-
Capital assets:				
Non-depreciable	4,364,560	1,505,526	5,870,086	441,843
Net depreciable capital assets	12,401,471	21,524,455	33,925,926	7,506
Total Noncurrent Assets	18,937,927	23,824,374	42,762,301	449,349
Total Assets	45,001,829	28,131,190	73,133,019	1,398,393
<u>Deferred Outflows of Resources</u>				
Deferred charge on bond refunding	-	24,344	24,344	-
Pension contributions	182,077	83,177	265,254	-
Pension change in assumption	1,602	732	2,334	-
OPEB contributions	2,994	1,368	4,362	-
OPEB assumption changes	21,974	10,040	32,014	-
Total Deferred Outflows of Resources	208,647	119,661	328,308	-

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government			Component
	Governmental	Business-Type		Unit
	Activities	Activities	Total	MEDC
<u>Liabilities</u>				
Accounts payable and accrued liabilities	520,657	562,079	1,082,736	13,099
Customer deposits	-	282,529	282,529	-
Accrued interest payable	238,488	23,835	262,323	-
Compensated absences - current	89,650	33,965	123,615	3,085
Long-term debt - current	493,000	660,000	1,153,000	-
Total Current Liabilities	1,341,795	1,562,408	2,904,203	16,184
Noncurrent liabilities:				
Net pension liability	184,903	84,463	269,366	-
OPEB liability	153,541	70,139	223,680	-
Compensated absences - noncurrent	9,961	3,774	13,735	343
Long-term debt - noncurrent	26,408,965	6,342,800	32,751,765	-
Total Noncurrent Liabilities	26,757,370	6,501,176	33,258,546	343
Total Liabilities	28,099,165	8,063,584	36,162,749	16,527
<u>Deferred Inflows of Resources</u>				
Pension investment earnings	402,205	183,735	585,940	-
Pension difference in experience	31,222	14,263	45,485	-
OPEB difference in experience	14,729	6,730	21,459	-
Lease related	2,900,739	806,687	3,707,426	-
Total Deferred Inflows of Resources	3,348,895	1,011,415	4,360,310	-
<u>Net Position</u>				
Net investment in capital assets	6,554,513	15,843,179	22,397,692	449,349
Restricted for:				
Community development	1,601,478	-	1,601,478	-
Economic development	-	-	-	932,517
Debt service	49,200	-	49,200	-
Municipal court	87,252	-	87,252	-
Tourism	141,015	-	141,015	-
Unrestricted	5,328,958	3,332,673	8,661,631	-
Total Net Position	\$ 13,762,416	\$ 19,175,852	\$ 32,938,268	\$ 1,381,866

See Notes to Financial Statements.



City of McGregor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government				
				Governmental Activities	Business-Type Activities	Total	MEDC	
Primary Government								
Governmental Activities								
Administrative services	\$ 1,749,945	\$ 1,498,007	\$ 209,446	\$ (42,492)	\$ -	\$ (42,492)	\$ -	
Community services	678,307	-	-	(678,307)	-	(678,307)	-	
Development services	178,303	-	663,084	484,781	-	484,781	-	
Emergency services	1,700,255	-	-	(1,700,255)	-	(1,700,255)	-	
Financial services	147,447	-	-	(147,447)	-	(147,447)	-	
Municipal services	1,257,969	199,649	-	(1,058,320)	-	(1,058,320)	-	
Interest and fiscal charges	927,883	-	-	(927,883)	-	(927,883)	-	
Total Governmental Activities	6,640,109	1,697,656	872,530	(4,069,923)	-	(4,069,923)	-	
Business-Type Activities								
Water and wastewater	4,736,128	5,140,421	-	-	404,293	404,293	-	
Airport	431,978	276,403	42,935	-	(112,640)	(112,640)	-	
Total Business-Type Activities	5,168,106	5,416,824	42,935	-	291,653	291,653	-	
Total Primary Government	\$ 11,808,215	\$ 7,114,480	\$ 915,465	\$ (4,069,923)	\$ 291,653	\$ (3,778,270)	\$ -	
Component unit:								
Economic Development Corporation	371,130	-	-	-	-	-	(371,130)	
Total Component Unit	\$ 371,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (371,130)	
General Revenues:								
Taxes								
Property taxes				2,817,468	-	2,817,468	-	
Sales taxes				1,136,821	-	1,136,821	566,329	
Franchise and local taxes				414,993	-	414,993	-	
Investment income				221,832	9,703	231,535	2,124	
Other revenues				470,389	175,141	645,530	61,368	
Transfers				40,630	(40,630)	-	-	
Total General Revenues and Transfers				5,102,133	144,214	5,246,347	629,821	
Change in Net Position				1,032,210	435,867	1,468,077	258,691	
Beginning Net Position				12,730,206	18,739,985	31,470,191	1,123,175	
Ending Net Position				\$ 13,762,416	\$ 19,175,852	\$ 32,938,268	\$ 1,381,866	

See Notes to Financial Statements.

City of McGregor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ
<u>Assets</u>				
Cash and cash equivalents	\$ 4,201,605	\$ 49,199	\$ 1,156,578	\$ 15,855,472
Receivables, net	339,449	15,664	-	-
Lease receivables	2,962,173	-	-	-
Due from other funds	26,460	-	-	-
Prepaid items	818,254	-	-	-
Total Assets	\$ 8,347,941	\$ 64,863	\$ 1,156,578	\$ 15,855,472
<u>Liabilities</u>				
Accounts payable and accrued liab.	\$ 321,411	\$ -	\$ 525	\$ 115,705
Due to other funds	-	-	-	-
Total Liabilities	321,411	-	525	115,705
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	40,670	15,663	-	-
Unavailable revenue - land lease revenue	9,450	-	-	-
Unavailable revenue - lease related	2,900,739	-	-	-
Unavailable revenue - lease/rental payments	6,500	-	-	-
Total Deferred Inflows of Resources	2,957,359	15,663	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	818,254	-	-	-
Restricted for:				
Debt service	-	49,200	-	-
Capital projects	-	-	1,156,053	15,739,767
Community development	-	-	-	-
Municipal court	-	-	-	-
Tourism	-	-	-	-
Committed to:				
Parks	-	-	-	-
Cemetery	-	-	-	-
Unassigned	4,250,917	-	-	-
Total Fund Balances	5,069,171	49,200	1,156,053	15,739,767
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,347,941	\$ 64,863	\$ 1,156,578	\$ 15,855,472

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,717,712	\$ 23,980,566
119,692	474,805
-	2,962,173
-	26,460
-	818,254
<u>\$ 2,837,404</u>	<u>\$ 28,262,258</u>
\$ 83,016	\$ 520,657
26,460	26,460
<u>109,476</u>	<u>547,117</u>
-	56,333
-	9,450
-	2,900,739
101,550	108,050
<u>101,550</u>	<u>3,074,572</u>
-	818,254
-	49,200
-	16,895,820
1,601,478	1,601,478
87,252	87,252
141,015	141,015
371,237	371,237
490,252	490,252
(64,856)	4,186,061
<u>2,626,378</u>	<u>24,640,569</u>
<u>\$ 2,837,404</u>	<u>\$ 28,262,258</u>



City of McGregor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2022

Fund Balances - Total Governmental Funds	\$ 24,640,569
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Adjustments for the Statement of Net Position:

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	4,364,560
Capital assets - net depreciable	12,401,471

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Pension contributions	182,077
Pension change in assumption	1,602
OPEB contributions	2,994
OPEB experience vs assumptions	21,974

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Unavailable revenue items	173,833
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Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension investment earnings	(402,205)
Pension difference in experience	(31,222)
OPEB investment experience	(14,729)

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(238,488)
Bond premium	(412,965)
Bonds, notes, and capital leases	(26,489,000)
Compensated absences	(99,611)
Net pension liability	(184,903)
OPEB liability	(153,541)

Net Position of Governmental Activities	\$ 13,762,416
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See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ
<u>Revenues</u>				
Property tax	\$ 2,027,534	\$ 799,658	\$ -	\$ -
Sales tax	1,136,821	-	-	-
Franchise and local taxes	366,585	-	-	-
License and permits	83,014	-	-	-
Contributions and donations	188	-	-	-
Land leases	1,058,083	-	-	-
Intergovernmental revenue	134,258	-	-	-
Charges for services	258,198	-	-	-
Fines and forfeitures	183,562	-	-	-
Investment income	24,743	2,367	9,620	123,459
Other revenue	19,430	-	44,900	-
Total Revenues	5,292,416	802,025	54,520	123,459
<u>Expenditures</u>				
Current:				
Administrative services	944,295	1,450	5,183	204,321
Community services	543,828	-	-	-
Development services	28,305	-	-	-
Emergency services	1,425,820	-	-	-
Financial services	131,761	-	-	-
Municipal services	1,004,049	-	-	-
Capital outlay	142,593	-	94,935	734,992
Debt Service:				
Principal	-	596,657	-	-
Interest and fiscal charges	-	320,435	-	-
Bond issuance costs	18,253	-	-	418,379
Total Expenditures	4,238,904	918,542	100,118	1,357,692
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,053,512	(116,517)	(45,598)	(1,234,233)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	200	40,430	-
Transfers (out)	(120,241)	-	-	-
Sale of assets	422,236	-	-	-
Bond issuance	835,000	-	-	16,974,000
Total Other Financing Sources (Uses)	1,136,995	200	40,430	16,974,000
Net Change in Fund Balances	2,190,507	(116,317)	(5,168)	15,739,767
Beginning fund balances	2,878,664	165,517	1,161,221	-
Ending Fund Balances	\$ 5,069,171	\$ 49,200	\$ 1,156,053	\$ 15,739,767

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 8,199	\$ 2,835,391
-	1,136,821
48,408	414,993
-	83,014
75,000	75,188
-	1,058,083
663,084	797,342
201,174	459,372
16,087	199,649
61,643	221,832
47,807	112,137
<u>1,121,402</u>	<u>7,393,822</u>
268,134	1,423,383
1,167	544,995
-	28,305
-	1,425,820
-	131,761
-	1,004,049
57,807	1,030,327
-	596,657
-	320,435
-	436,632
<u>327,108</u>	<u>6,942,364</u>
794,294	451,458
120,241	160,871
-	(120,241)
-	422,236
-	17,809,000
<u>120,241</u>	<u>18,271,866</u>
914,535	18,723,324
1,711,843	5,917,245
<u>\$ 2,626,378</u>	<u>\$ 24,640,569</u>



City of McGregor, Texas

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

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	\$ 18,723,324
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	938,329
Depreciation expense	(779,799)
Net effect of capital asset disposals	(63,984)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues	(120,385)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(34,248)
Pension expense	(245,252)
OPEB expense	(2,616)
Accrued interest	(199,767)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation)

provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	28,951
Issuance of debt	(17,809,000)
Principal payments	596,657

Change in Net Position of Governmental Activities	\$ 1,032,210
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See Notes to Financial Statements.

City of McGregor, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2022

	<u>Utility Fund</u>	<u>Municipal Airport Fund</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 2,590,746	\$ 969,796	\$ 3,560,542
Restricted assets - cash	17	-	17
Receivables, net	701,442	15,493	716,935
Lease receivables - due within one year	-	28,825	28,825
Prepaid items	497	-	497
Total Current Assets	<u>3,292,702</u>	<u>1,014,114</u>	<u>4,306,816</u>
<u>Noncurrent Assets</u>			
Lease receivables - due in more than one year	-	794,393	794,393
Capital assets:			
Non-depreciable	945,999	559,527	1,505,526
Net depreciable capital assets	15,327,971	6,196,484	21,524,455
Total Noncurrent Assets	<u>16,273,970</u>	<u>7,550,404</u>	<u>23,824,374</u>
Total Assets	<u>19,566,672</u>	<u>8,564,518</u>	<u>28,131,190</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on bond refunding	24,344	-	24,344
Pension contributions	76,333	6,844	83,177
Pension changes in assumptions	672	60	732
OPEB contributions	1,255	113	1,368
OPEB assumption changes	9,214	826	10,040
Total Deferred Outflows of Resources	<u>\$ 111,818</u>	<u>\$ 7,843</u>	<u>\$ 119,661</u>

See Notes to Financial Statements.

City of McGregor, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2022

	Utility Fund	Municipal Airport Fund	Total
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	\$ 538,758	\$ 23,321	\$ 562,079
Customer deposits	272,329	10,200	282,529
Accrued interest	23,835	-	23,835
Compensated absences, current	28,688	5,277	33,965
Long-term debt due within one year	660,000	-	660,000
Total Current Liabilities	1,523,610	38,798	1,562,408
<u>Noncurrent Liabilities</u>			
Long-term debt due in more than one year	6,342,800	-	6,342,800
Compensated absences, noncurrent	3,188	586	3,774
Net pension liability	77,513	6,950	84,463
OPEB liability	64,369	5,770	70,139
Total Noncurrent Liabilities	6,487,870	13,306	6,501,176
Total Liabilities	8,011,480	52,104	8,063,584
<u>Deferred Inflows of Resources</u>			
Pension investment earnings	168,617	15,118	183,735
Pension difference in experience	13,089	1,174	14,263
OPEB difference in experience	6,176	554	6,730
Deferred inflow - lease related	-	806,687	806,687
Total Deferred Inflows of Resources	187,882	823,533	1,011,415
<u>Net Position</u>			
Net investment in capital assets	9,087,168	6,756,011	15,843,179
Unrestricted	2,391,960	940,713	3,332,673
Total Net Position	\$ 11,479,128	\$ 7,696,724	\$ 19,175,852

See Notes to Financial Statements.

City of McGregor, Texas

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

For the Year Ended September 30, 2022

	Utility Fund	Municipal Airport Fund	Total
<u>Operating Revenues</u>			
Charges for services	\$ 5,140,421	\$ -	\$ 5,140,421
Lease and rental revenue	-	276,403	276,403
Grant income	-	42,935	42,935
Other revenue	121,631	43,591	165,222
Total Operating Revenues	5,262,052	362,929	5,624,981
<u>Operating Expenses</u>			
Personnel services	1,191,093	104,247	1,295,340
Supplies and materials	328,278	36,557	364,835
Contractual services	1,854,923	26,732	1,881,655
Utilities	201,739	9,001	210,740
Other expenses	123,871	-	123,871
Depreciation	839,223	255,441	1,094,664
Total Operating Expenses	4,539,127	431,978	4,971,105
Operating Income (Loss)	722,925	(69,049)	653,876
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	6,853	2,850	9,703
Gain on disposal of property	9,919	-	9,919
Interest expense	(197,001)	-	(197,001)
Total Nonoperating Revenues (Expenses)	(180,229)	2,850	(177,379)
Income (Loss) Before Contributions and Transfers	542,696	(66,199)	476,497
Transfers (out)	(40,630)	-	(40,630)
Total Contributions and Transfers	(40,630)	-	(40,630)
Change in Net Position	502,066	(66,199)	435,867
Beginning net position	10,977,062	7,762,923	18,739,985
Ending Net Position	\$ 11,479,128	\$ 7,696,724	\$ 19,175,852

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2022

	Utility Fund	Municipal Airport Fund	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 5,134,676	\$ 359,371	\$ 5,494,047
Payments to suppliers and service providers	(2,272,635)	(67,340)	(2,339,975)
Payments to employees for salaries and benefits	(1,035,206)	(88,482)	(1,123,688)
Net Cash Provided (Used) by Operating Activities	1,826,835	203,549	2,030,384
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers out	(40,630)	-	(40,630)
Net Cash Provided (Used) by Noncapital Financing Activities	(40,630)	-	(40,630)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(469,226)	(14,749)	(483,975)
Proceeds received for sale of assets	9,919	-	9,919
Receipts from intergovt. advances for capital investments	(94,337)	-	(94,337)
Principal paid on debt	(645,859)	-	(645,859)
Interest paid on debt	(192,844)	-	(192,844)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,392,347)	(14,749)	(1,407,096)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	6,853	2,850	9,703
Net Cash Provided by Investing Activities	6,853	2,850	9,703
Net Increase (Decrease) in Cash and Cash Equivalents	400,711	191,650	592,361
Beginning cash and cash equivalents	2,190,052	778,146	2,968,198
Ending Cash and Cash Equivalents	\$ 2,590,763	\$ 969,796	\$ 3,560,559

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2022

	Utility Fund	Municipal Airport Fund	Total
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 722,925	\$ (69,049)	\$ 653,876
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation	839,223	255,441	1,094,664
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(127,376)	(112,787)	(240,163)
Deferred Outflows of Resources:			
Pension contributions	(30,204)	(2,513)	(32,717)
Pension difference in experience	15,919	1,440	17,359
Pension change in assumptions	1,502	144	1,646
OPEB contributions	(443)	(37)	(480)
OPEB assumption changes	(673)	(24)	(697)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	236,176	4,950	241,126
Compensated absences	15,677	3,627	19,304
Net pension liability	20,720	1,617	22,337
OPEB liability	16,144	1,242	17,386
Deferred Inflows of Resources:			
Lease related	-	109,229	109,229
Pension investment earnings	115,705	10,150	125,855
OPEB investment experience	1,540	119	1,659
Net Cash Provided (Used) by Operating Activities	\$ 1,826,835	\$ 203,549	\$ 2,030,384

See Notes to Financial Statements.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of McGregor, Texas (the “City”) was incorporated under the laws of the State of Texas. The City operates under a Council-Manager form of government as provided by the Home Rule Charter, and provides the following services: emergency services (police and fire), municipal services (streets), community services (recreation), development services (planning and zoning and code enforcement), and general administrative and finance services. Other services include water and sewer operations and sanitation. The City also operates the municipal airport. Fire protection is provided by the McGregor Volunteer Fire Department. The City, for financial purposes, includes all of the funds relevant to the operations of the City of McGregor.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Blended Component Unit

Tax Increment Financing Reinvestment Zone

The City created the Tax Increment Financing Reinvestment Zone Fund (the "TIRZ") in November 2021 to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. Of the five-member Board of Directors three are appointed by the City Council and two members shall be appointed by the County Commissioners Court and serve for two-year staggered terms. Any future debt obligations issued and backed by the TIRZ are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2019.

The TIRZ Board of Directors acts primarily in an advisory role to the City Council, who exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. The financial information of the TIRZ is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Unit

Economic Development Corporation

The McGregor Economic Development Corporation (the "MEDC") serves all citizens of the City and is governed by a board of directors appointed by the McGregor City Council. The MEDC is a component unit of the City, as the City has the ability to impose its will on the MEDC. An Executive Director is appointed by the MEDC board to carry out the Board's administrative and policy initiatives. The MEDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City resources. The MEDC is a 4B Corporation and is under the Development Corporation Act of 1979 as defined in Section 4B of the Act and is supported by a half-cent sales tax. The scope of public service of the MEDC benefits citizens and is operated primarily within geographic boundaries of the City. Separate financial statements are not prepared. However, additional financial information for the MEDC may be obtained at the City's administrative offices.

C. Basis of Presentation – Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2022

As discussed earlier, the government has a discretely presented component unit which is shown in separate columns in the government-wide financial statements.

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

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The City records the following major funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, land lease revenue, licenses and permits, fines and forfeitures, and charges for services. Expenditures include administrative, community, development, emergency, financial, and municipal services.

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

The capital projects fund is used to account for the use of debt proceeds to acquire or construct capital assets.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

TIRZ Fund

The fund is used to account for property tax levies and debt obligations used to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB). The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

Utility Fund

The Utility fund is used to account for the water and wastewater utility services provided by the City.

Municipal Airport Fund

The Municipal Airport fund is used to account for the activities of the airport owned by the City.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when they are utilized rather than when purchased, (i.e., the consumption method). The inventories are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Restricted Assets

Certain proceeds of governmental and enterprise fund cash and investments are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, legal restrictions, or restrictions in place by outside parties.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street improvements and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Years
Infrastructure	20 - 40
Buildings and improvements	20 - 50
Land improvements	20 - 50
Machinery & Equipment	3 - 10

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. They are the deferred pension contributions which are required to convert the fiscal year contributions to the calendar year 2022 and the deferred investment earnings which represent investment return over/under expectation. Both are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government records deferred inflows for the difference in expected and actual actuarial gains and losses of the pension liability. This item is only recorded on the full accrual basis. In addition, the government records a deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumption

Sometimes the government 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 statements,

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2022

a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the government 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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components 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.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. A summary of the City's fund balance policy as adopted by the Council follows:

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The City staff recommends a fund balance of no less than 90 days with a preferred balance of 120 days.

12. Pensions

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

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

14. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

The City grants paid vacation leave to its regular full-time employees after twelve months of employment. The amount of vacation to which an employee is entitled depends on the length of continuous service with the City as of the employee's anniversary date. An employee may only accrue

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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and carry over into the next employment year a maximum of 40 hours of vacation leave. Compensatory time off will be credited at a rate of one and one-half hours for each overtime hour worked. Law enforcement personnel and all other City employees may accrue up to 80 hours of compensatory time.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

15. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion due and payable from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and deferred charges are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

16. Leases

Lessor: The City is a lessor for several noncancellable leases for use of land and airplane hangars. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

17. Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also,

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, court technology, court building security, cemetery, and exchange event center funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Exceeding Appropriations

During the year ended September 30, 2022, expenditures in the Exchange Event Center fund and Debt Service fund exceeded appropriations at the legal level of control by \$75,055 and \$99,235, respectively.

B. Deficit Fund Equity

The Exchange Event Center fund had a deficit fund balance of \$64,856, as of September 30, 2022. This deficit will be replenished in the subsequent period.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 20,175,340	0.04
Total value	<u>\$ 20,175,340</u>	
Portfolio weighted average maturity		0.04

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

As of September 30, 2022, the discretely presented component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 324,991	0.06
Total value	<u>\$ 324,991</u>	
Portfolio weighted average maturity		0.06

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. There were no limitations or restrictions on withdrawals.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

B. Receivables

1. The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental Funds	Water	Municipal Airport	Total
Property taxes	\$ 70,664	\$ 29,031	\$ -	\$ -	\$ -	\$ 99,695
Sales tax	265,637	-	-	-	-	265,637
Franchise taxes	11,822	-	-	-	-	11,822
Accounts	3,435	-	119,692	1,049,122	15,493	1,187,742
Other receivables	17,843	-	-	-	-	17,843
Allowance	(29,952)	(13,367)	-	(347,680)	-	(390,999)
	<u>\$ 339,449</u>	<u>\$ 15,664</u>	<u>\$ 119,692</u>	<u>\$ 701,442</u>	<u>\$ 15,493</u>	<u>\$ 1,191,740</u>

2. The following comprise receivable balances of the discretely presented component unit at year end:

	EDC
Sales tax	<u>\$ 131,185</u>
	<u>\$ 131,185</u>

3. The City is the lessor of several contracts in which the City receives lease payments from various entities for the use of land and airplane hangars. The leases commenced between September 1996 and March 2022. Monthly lease payments ranging from \$1,132 to \$3,350 per month will be received through July 2029. Annual lease payments ranging from \$450 to \$704,786 per year will be received through February 2052. As of September 30, 2022, the governmental activities lease receivable and offsetting deferred inflows amounted to \$2,962,173 and \$2,900,739, respectively. As of September 30, 2022, the business-type activities lease receivable and offsetting deferred inflows amounted to \$823,218 and \$806,687, respectively.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Governmental Activities	
	Principal	Interest (4.5%)
2023	\$ 790,277	\$ 131,886
2024	788,355	96,957
2025	805,117	61,845
2026	133,457	25,719
2027	139,477	19,699
Thereafter	305,490	94,015
	<u>\$ 2,962,173</u>	<u>\$ 430,121</u>

Year ending September 30,	Business-Type Activities	
	Principal	Interest (4.5%)
2023	\$ 28,825	\$ 36,892
2024	30,129	35,588
2025	31,492	34,225
2026	32,467	32,800
2027	33,935	31,331
Thereafter	666,370	339,783
	<u>\$ 823,218</u>	<u>\$ 510,619</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 3,898,856	\$ -	\$ (26,846)	\$ 3,872,010
Construction in progress	31,185	461,365	-	492,550
Total capital assets not being depreciated	<u>3,930,041</u>	<u>461,365</u>	<u>(26,846)</u>	<u>4,364,560</u>
Capital assets, being depreciated:				
Buildings and improvements	13,230,908	186,343	-	13,417,251
Machinery and equipment	3,775,004	136,683	(46,242)	3,865,445
Infrastructure	7,354,504	153,938	-	7,508,442
Intangible assets	97,289	-	-	97,289
Total capital assets being depreciated	<u>24,457,705</u>	<u>476,964</u>	<u>(46,242)</u>	<u>24,888,427</u>
Less accumulated depreciation				
Buildings and improvements	(4,867,875)	(303,381)	-	(5,171,256)
Machinery and equipment	(2,755,408)	(311,180)	9,104	(3,057,484)
Infrastructure	(4,039,470)	(160,374)	-	(4,199,844)
Intangible assets	(53,508)	(4,864)	-	(58,372)
Total accumulated depreciation	<u>(11,716,261)</u>	<u>(779,799)</u>	<u>9,104</u>	<u>(12,486,956)</u>
Net capital assets being depreciated	<u>12,741,444</u>	<u>(302,835)</u>	<u>(37,138)</u>	<u>12,401,471</u>
Total Capital Assets	<u><u>\$ 16,671,485</u></u>	<u><u>\$ 158,530</u></u>	<u><u>\$ (63,984)</u></u>	<u><u>\$ 16,766,031</u></u>

Depreciation was charged to governmental functions as follows:

Administrative services	\$ 298,203
Community services	82,225
Emergency services	135,907
Municipal services	263,464
Total Governmental Activities Depreciation Expense	<u><u>\$ 779,799</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,253,829	\$ -	\$ -	\$ 1,253,829
Construction in progress	583,937	251,697	(583,937)	251,697
Total capital assets not being depreciated	<u>1,837,766</u>	<u>251,697</u>	<u>(583,937)</u>	<u>1,505,526</u>
Capital assets, being depreciated:				
Buildings and improvements	1,424,117	-	-	1,424,117
Machinery and equipment	1,401,241	154,570	-	1,555,811
Infrastructure	24,231,634	77,708	583,937	24,893,279
Intangible assets	5,804,483	-	-	5,804,483
Total capital assets being depreciated	<u>32,861,475</u>	<u>232,278</u>	<u>583,937</u>	<u>33,677,690</u>
Less accumulated depreciation				
Buildings and improvements	(781,520)	(44,005)	-	(825,525)
Machinery and equipment	(845,547)	(146,605)	-	(992,152)
Infrastructure	(9,323,274)	(901,545)	-	(10,224,819)
Intangible assets	(108,230)	(2,509)	-	(110,739)
Total accumulated depreciation	<u>(11,058,571)</u>	<u>(1,094,664)</u>	<u>-</u>	<u>(12,153,235)</u>
Net capital assets being depreciated	<u>21,802,904</u>	<u>(862,386)</u>	<u>583,937</u>	<u>21,524,455</u>
Total Capital Assets	<u><u>\$ 23,640,670</u></u>	<u><u>\$ (610,689)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,029,981</u></u>

Depreciation was charged to business-type activities as follows:

Water	\$ 839,223
Airport	255,441
Total Business-Type Activities Depreciation Expense	<u><u>\$ 1,094,664</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

A summary of changes in component-unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 441,843	\$ -	\$ -	\$ 441,843
Total capital assets not being depreciated	<u>441,843</u>	<u>-</u>	<u>-</u>	<u>441,843</u>
Capital assets, being depreciated:				
Machinery and equipment	29,843	-	-	29,843
Total capital assets being depreciated	<u>29,843</u>	<u>-</u>	<u>-</u>	<u>29,843</u>
Less accumulated depreciation				
Machinery and equipment	(21,781)	(556)	-	(22,337)
Total accumulated depreciation	<u>(21,781)</u>	<u>(556)</u>	<u>-</u>	<u>(22,337)</u>
Net capital assets being depreciated	8,062	(556)	-	7,506
Total Capital Assets	<u><u>\$ 449,905</u></u>	<u><u>\$ (556)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 449,349</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Contractual obligations	\$ -	\$ 835,000	\$ -	\$ 835,000	\$ 18,000
Certificates of obligation	9,135,000	16,974,000	(455,000)	25,654,000	475,000
Notes payable	141,657	-	(141,657)	-	-
Less deferred amounts:					
For issuance premiums	441,916	-	(28,951)	412,965	-
Total Governmental Activities	\$ 9,718,573	\$ 17,809,000	\$ (625,608)	\$ 26,901,965	\$ 493,000
Long-term liabilities due in more than one year				\$ 26,408,965	
Business-Type Activities:					
Bonds, notes and other payables:					
General obligation refunding bond	\$ 2,010,000	\$ -	\$ (210,000)	\$ 1,800,000	\$ 215,000
Certificates of obligation	5,501,638	-	(435,859)	5,065,779	445,000
Less deferred amounts:					
For issuance premiums	146,171	-	(9,150)	137,021	-
Total Business-Type Activities	\$ 7,657,809	\$ -	\$ (655,009)	\$ 7,002,800	\$ 660,000
Long-term liabilities due in more than one year				\$ 6,342,800	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. As of September 30, 2022, the net book value of assets financed through notes payable in governmental activities was \$73,940.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
Governmental Activities:				
2003 Certificates of obligation	3.82%	9/1/2023	\$ 1,455,000	\$ 115,000
2016 Certificates of obligation	3%-5%	8/15/2036	6,865,000	5,925,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,001,300	890,000
2018 Certificates of obligation	2%-4%	8/15/2038	2,090,000	1,750,000
2022 Certificates of obligation	2.11%	8/15/2032	16,974,000	16,974,000
2022 PPF Contractual Obligation	3.29%	8/15/2037	835,000	835,000
Total Certificates of Obligation and Contractual Obligations			\$ 29,220,300	\$ 26,489,000
Total Governmental Activities			\$ 29,220,300	\$ 26,489,000
Business-Type Activities:				
1995 Certificates of obligation	4.88%	5/9/1996	\$ 337,000	\$ 160,779
2013 Certificates of obligation	2%-4%	8/1/2018	2,090,000	330,000
2014 Certificates of obligation	3%-4%	4/15/2014	2,955,000	1,520,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,633,700	1,195,000
2018 Certificates of obligation	3.25%-3.38%	2/1/2018	2,090,000	1,860,000
Total Certificates of Obligation			\$ 9,105,700	\$ 5,065,779
2021 General obligation refunding		8/15/2030	\$ 2,210,000	\$ 1,800,000
Total General Obligations			\$ 2,210,000	\$ 1,800,000
Total Business-Type Activities			\$ 11,315,700	\$ 6,865,779

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The annual requirements to amortize governmental activities certificates of obligation and contractual obligation outstanding at year end were as follows:

Year Ending September 30,	Governmental Activities		
	Certificates of Obligation		
	Principal	Interest	Total
2023	\$ 475,000	\$ 801,771	\$ 1,276,771
2024	830,000	633,681	1,463,681
2025	860,000	605,207	1,465,207
2026	885,000	575,171	1,460,171
2027	905,000	551,097	1,456,097
2028	920,000	526,973	1,446,973
2029	935,000	502,399	1,437,399
2030	5,495,000	477,225	5,972,225
2031	5,612,000	355,644	5,967,644
2032	5,732,000	230,155	5,962,155
2033	670,000	101,930	771,930
2034	695,000	80,330	775,330
2035	715,000	57,405	772,405
2036	650,000	33,300	683,300
2037	135,000	11,000	146,000
2038	140,000	5,600	145,600
Total	<u>\$ 25,654,000</u>	<u>\$ 5,548,885</u>	<u>\$ 31,202,885</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Year Ending September 30,	Governmental Activities		
	Public Property Finance Contractual Obligation, Series 2022		
	Principal	Interest	Total
2023	\$ 18,000	\$ 32,050	\$ 50,050
2024	29,000	26,879	55,879
2025	35,000	25,925	60,925
2026	52,000	24,774	76,774
2027	54,000	23,063	77,063
2028	56,000	21,286	77,286
2029	58,000	19,444	77,444
2030	59,000	17,536	76,536
2031	61,000	15,595	76,595
2032	63,000	13,588	76,588
2033	65,000	11,515	76,515
2034	68,000	9,377	77,377
2035	70,000	7,139	77,139
2036	72,000	4,836	76,836
2037	75,000	2,468	77,468
Total	<u>\$ 835,000</u>	<u>\$ 255,474</u>	<u>\$ 1,090,474</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The annual requirements to amortize business-type activities certificates of obligations and refunding bonds outstanding at year end were as follows:

Year Ending September 30,	Business-Type Activities		
	Certificates of Obligation & Refunding Bonds		
	Principal	Interest	Total
2023	\$ 660,000	\$ 190,740	\$ 850,740
2024	686,000	173,803	859,803
2025	702,000	156,090	858,090
2026	712,000	137,862	849,862
2027	638,000	119,295	757,295
2028	664,000	103,569	767,569
2029	659,000	87,142	746,142
2030	450,000	70,566	520,566
2031	221,000	60,218	281,218
2032	227,000	52,320	279,320
2033	238,000	44,201	282,201
2034	238,779	35,686	274,465
2035	240,000	26,775	266,775
2036	245,000	18,019	263,019
2037	140,000	9,619	149,619
2038	145,000	4,894	149,894
Total	<u>\$ 6,865,779</u>	<u>\$ 1,290,797</u>	<u>\$ 8,156,576</u>

E. Deferred Loss on Refunding

A deferred loss resulting from the issuance of the 2021 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$24,344. Current year amortization expense for business-type activities totaled \$3,043.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

F. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and utility funds to liquidate governmental and business-type activities compensated absences, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 65,363	\$ 99,611	\$ (65,363)	\$ 99,611	\$ 89,650
Total Governmental Activities	<u>\$ 65,363</u>	<u>\$ 99,611</u>	<u>\$ (65,363)</u>	<u>\$ 99,611</u>	<u>\$ 89,650</u>
Long-term Liabilities Due in More than One Year				<u>\$ 9,961</u>	
Business-Type Activities:					
Compensated Absences	\$ 18,435	\$ 37,739	\$ (18,435)	\$ 37,739	\$ 33,965
Total Business-Type Activities	<u>\$ 18,435</u>	<u>\$ 37,739</u>	<u>\$ (18,435)</u>	<u>\$ 37,739</u>	<u>\$ 33,965</u>
Long-term Liabilities Due in More than One Year				<u>\$ 3,774</u>	
Component Unit Activities - EDC:					
Compensated Absences	\$ 2,824	\$ 6,233	\$ (2,824)	\$ 6,233	\$ 5,610
Total Component Unit Activities	<u>\$ 2,824</u>	<u>\$ 6,233</u>	<u>\$ (2,824)</u>	<u>\$ 6,233</u>	<u>\$ 5,610</u>
Long-term Liabilities Due in More than One Year				<u>\$ 623</u>	

G. Interfund Transactions

Transfers between the primary government funds during the 2022 year were as follows:

	Transfers In:			
Transfers Out:	Capital Projects	Debt Service	Nonmajor Governmental	Total
General	\$ -	\$ -	\$ 120,241	\$ 120,241
Water	40,430	200	-	40,630
Total	<u>\$ 40,430</u>	<u>\$ 200</u>	<u>\$ 120,241</u>	<u>\$ 160,871</u>

Transfers were used for various administrative services, debt payment support used to acquire and construct infrastructure, and monetary support for the acquisition and construction of water and waterworks infrastructure.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The compositions of interfund due to/due from balances as of the year ended September 30, 2022 were as follows:

<u>Receivable fund:</u>	<u>Payable fund:</u>	
	<u>Nonmajor</u>	
	<u>Govt.</u>	<u>Total</u>
General	\$ 26,460	\$ 26,460
Total	<u>\$ 26,460</u>	<u>\$ 26,460</u>

H. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$ 1,878,945. Of which, \$228,267 is restricted by enabling legislation.

The following is a list of restricted net position of the City:

Restricted for:	Governmental	
	Activities	EDC
Community development	\$ 1,601,478	\$ -
Debt service	49,200	-
* Municipal court	87,252	-
* Tourism	141,015	-
Economic development	-	932,517
Total	<u>\$ 1,878,945</u>	<u>\$ 932,517</u>

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

B. Contingent Liabilities

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

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

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations, if indicated.

D. Defined Benefit Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of McGregor, Texas participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. 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 annual comprehensive financial report that can be obtained at www.tmrs.com. All eligible employees of the city are required to participate in TMRS.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

2. Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>49</u>
Total	<u>138</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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 of McGregor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of McGregor, Texas were 9.66% and 12.77% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$330,706, and \$7,838 less than the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. In general, the City uses the general and utility funds to liquidate governmental and business-type activities net pension liabilities, respectively.

Actuarial assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

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

Discount Rate

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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/20	\$ 8,987,763	\$ 8,741,990	\$ 245,773
Changes for the year:			
Service cost	449,618	-	449,618
Interest	646,334	-	646,334
Change in benefit terms	557,688	-	557,688
Difference between expected and actual experience	(65,121)	-	(65,121)
Changes of assumptions	-	-	-
Contributions – employer	-	266,954	(266,954)
Contributions – employee	-	162,240	(162,240)
Net investment income	-	1,140,944	(1,140,944)
Benefit payments, including refunds of emp. contributions	(389,888)	(389,888)	-
Administrative expense	-	(5,273)	5,273
Other changes	-	61	(61)
Net changes	1,198,631	1,175,038	23,593
Balance at 12/31/21	\$ 10,186,394	\$ 9,917,028	\$ 269,366

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,780,589	\$ 269,366	\$ (957,162)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the city recognized pension expense of \$712,386.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$ -	\$ (45,485)
Investment earnings	-	(585,940)
Changes in assumptions	2,334	-
Contributions subsequent to the measurement date	265,254	-
Total	\$ 267,588	\$ (631,425)

The City reported \$265,254 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2022	\$	(128,404)
2023		(266,607)
2024		(123,937)
2025		(110,143)
2026		-
Thereafter		-
	\$	(629,091)

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

coverage is an “other postemployment benefit,” or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn’t meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer’s yearly contributions for retirees.

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

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	7
Active employees	49
Total	83

The City’s contributions to the TMRS SDBF for the years ended 2022, 2021 and 2020 were \$5,338, \$3,933 and \$1,661, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates (*RETIREE-only portion of the rate*)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.06%	0.06%	100.0%
2021	0.17%	0.17%	100.0%
2022	0.21%	0.21%	100.0%

Total OPEB Liability

The City’s Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
\$ 271,047	\$ 223,680	\$ 186,981

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/20	\$ 208,696
Changes for the year:	
Service Cost	17,425
Interest	4,303
Difference between expected and actual experience	(8,743)
Changes of assumptions	6,487
Benefit payments	(4,488)
Net changes	14,984
Balance at 12/31/21	\$ 223,680

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$25,820.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$ -	\$ (21,459)
Assumption changes	32,014	-
Contributions subsequent to measurement date	4,362	-
Total	\$ 36,376	\$ (21,459)

The City reported \$4,362 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2022	\$	2,903
2023		4,218
2024		3,260
2025		206
2026		(32)
Thereafter		-
	<u>\$</u>	<u>10,555</u>

E. Construction Commitments

The City has no remaining construction commitment on construction projects as of September 30, 2022.

F. Deferred Compensation Plan

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$5,517 for the year ended September 30, 2022.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

G. Tax Abatements

The City has entered into ad valorem tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund a percentage of the City's portion of sales tax paid by the businesses. There are currently three existing agreements in which the City abated \$126,231 during the current year.

H. Restatement

Due to the implementation of GASB 87, *Leases*, the City restated prior year receivables and deferred inflows in order to recognize lease receivables and related deferred balances. The table below summarizes the changes accordingly.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Prior year ending net position, as reported	\$ 12,730,206	\$ 18,739,985
Adoption of GASB 87 (lessor) - lease receivables	3,665,327	697,458
Adoption of GASB 87 (lessor) - deferred inflows	<u>(3,665,327)</u>	<u>(697,458)</u>
Restated beginning net position	<u>\$ 12,730,206</u>	<u>\$ 18,739,985</u>

In addition, the City eliminated the previously presented water fund and sewer fund and have combined all utility activity within a utility fund. The following table summarizes the changes accordingly.

	<u>Business-Type Activities</u>	<u>Utility</u>	<u>Water</u>	<u>Waste Water</u>
Prior year ending net position as reported	\$ 18,739,985	\$ -	\$ 6,320,720	\$ 4,656,342
Reclassification of funds	<u>-</u>	<u>10,977,062</u>	<u>(6,320,720)</u>	<u>(4,656,342)</u>
Restated beginning net position	<u>\$ 18,739,985</u>	<u>\$ 10,977,062</u>	<u>\$ -</u>	<u>\$ -</u>

I. Subsequent Events

On March 8, 2023 the City of McGregor issued the Combination Tax & Revenue Certificates of Obligation, Series 2023, in the amount of \$6,550,000 with an interest rate of 2.6% to 4% and a maturity date of August 15, 2043.

There were no other material subsequent events through August 11, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 2,039,978	\$ 2,027,534	\$ (12,444)
Sales tax	813,600	1,136,821	323,221
Franchise and local taxes	362,900	366,585	3,685
License and permits	92,800	83,014	(9,786)
Donations	300	188	(112)
Land leases	874,481	1,058,083	183,602
Intergovernmental revenue	161,463	134,258	(27,205)
Charges for services	244,485	258,198	13,713
Fines and forfeitures	120,500	183,562	63,062
Investment income	11,001	24,743	13,742
Other revenue	7,000	19,430	12,430
Total Revenues	4,728,508	5,292,416	563,908
<u>Expenditures</u>			
Current:			
Administrative services	854,831	944,295	(89,464)
Community services	555,747	543,828	11,919
Development services	119,955	28,305	91,650
Emergency services	1,532,116	1,425,820	106,296
Financial services	136,591	131,761	4,830
Municipal services	1,160,996	1,004,049	156,947
Capital outlay	1,053,847	142,593	911,254
Debt Service:			
Issuance costs	18,253	18,253	-
Total Expenditures	5,432,336	4,238,904	1,193,432
Revenues Over (Under) Expenditures	(703,828)	1,053,512	1,757,340
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(131,172)	(120,241)	10,931
Sale of assets	-	422,236	422,236
Bond issuance	835,000	835,000	-
Total Other Financing Sources (Uses)	703,828	1,136,995	433,167
Net Change in Fund Balance	\$ -	2,190,507	\$ 2,190,507
Beginning fund balance		2,878,664	
Ending Fund Balance		\$ 5,069,171	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of McGregor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total pension liability				
Service cost	\$ 256,209	\$ 316,522	\$ 336,061	\$ 359,347
Interest	399,957	431,040	443,892	460,475
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	9,483	(165,367)	(267,540)	(172,348)
Changes of assumptions	-	69,368	-	-
Benefit payments, including refunds of participant contributions	(252,695)	(250,836)	(234,882)	(321,894)
Net change in total pension liability	412,954	400,727	277,531	325,580
Total pension liability - beginning	5,711,914	6,124,868	6,525,595	6,803,126
Total pension liability - ending (a)	6,124,868	6,525,595	6,803,126	7,128,706
Plan fiduciary net position				
Contributions - employer	\$ 234,946	\$ 244,043	\$ 243,674	\$ 266,010
Contributions - members	124,640	137,618	138,582	147,374
Net investment income	282,972	7,870	369,298	829,284
Benefit payments, including refunds of participant contributions	(252,695)	(250,836)	(234,882)	(321,894)
Administrative expenses	(2,955)	(4,794)	(4,173)	(4,295)
Other	(243)	(236)	(224)	(218)
Net change in plan fiduciary net position	386,665	133,665	512,275	916,261
Plan fiduciary net position - beginning	4,946,906	5,333,571	5,467,236	5,979,511
Plan fiduciary net position - ending (b)	\$ 5,333,571	\$ 5,467,236	\$ 5,979,511	\$ 6,895,772
Fund's net pension liability - ending (a) - (b)	\$ 791,297	\$ 1,058,359	\$ 823,615	\$ 232,934
Plan fiduciary net position as a percentage of the total pension liability	87.08%	83.78%	87.89%	96.73%
Covered payroll	\$ 2,077,329	\$ 2,293,641	\$ 2,309,696	\$ 2,456,230
Fund's net pension liability as a percentage of covered payroll	38.09%	46.14%	35.66%	9.48%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u> ¹
\$ 381,185	\$ 410,051	\$ 389,290	\$ 449,618
484,589	520,593	570,677	646,334
-	-	-	557,688
(96,162)	106,753	(33,913)	(65,121)
-	23,553	-	-
(280,391)	(220,919)	(396,249)	(389,888)
<u>489,221</u>	<u>840,031</u>	<u>529,805</u>	<u>1,198,631</u>
<u>7,128,706</u>	<u>7,617,927</u>	<u>8,457,958</u>	<u>8,987,763</u>
<u>7,617,927</u>	<u>8,457,958</u>	<u>8,987,763</u>	<u>10,186,394</u>
\$ 269,194	\$ 276,259	\$ 260,697	\$ 266,954
155,904	167,939	162,092	162,240
(206,633)	1,056,996	615,838	1,140,944
(280,391)	(220,919)	(396,249)	(389,888)
(3,992)	(5,966)	(3,980)	(5,273)
(211)	(179)	(181)	61
<u>(66,129)</u>	<u>1,274,130</u>	<u>638,217</u>	<u>1,175,038</u>
<u>6,895,772</u>	<u>6,829,643</u>	<u>8,103,773</u>	<u>8,741,990</u>
<u>\$ 6,829,643</u>	<u>\$ 8,103,773</u>	<u>\$ 8,741,990</u>	<u>\$ 9,917,028</u>
<u>\$ 788,284</u>	<u>\$ 354,185</u>	<u>\$ 245,773</u>	<u>\$ 269,366</u>
89.65%	95.81%	97.27%	97.36%
\$ 2,598,369	\$ 2,798,981	\$ 2,701,526	\$ 2,640,152
30.34%	12.65%	9.10%	10.20%

City of McGregor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 236,903	\$ 244,043	\$ 256,652	\$ 270,104
Contributions in relation to the actuarially determined contribution	\$ 257,771	\$ 250,486	\$ 262,793	\$ 270,104
Contribution deficiency (excess)	\$ (20,868)	\$ (6,443)	\$ (6,141)	\$ -
Annual covered payroll	<u>\$ 2,245,525</u>	<u>\$ 2,293,641</u>	<u>\$ 2,385,874</u>	<u>\$ 2,575,821</u>
Employer contributions as a percentage of covered payroll	11.48%	10.92%	11.01%	10.49%

1) This schedule is presented to illustrate the requirement to show information for ten fiscal years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

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	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

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

Other Information:

Notes Increased Member contribution rate from 6% to 7%.
Increased statutory max to 13.50% due to plan changes.

<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u> ¹
\$ 274,452	\$ 268,808	\$ 267,234	\$ 338,544
\$ 274,452	\$ 268,808	\$ 267,234	\$ 330,706
\$ -	\$ -	\$ -	\$ 7,838
<u>\$ 2,745,242</u>	<u>\$ 2,768,077</u>	<u>\$ 2,767,121</u>	<u>\$ 2,651,091</u>
10.00%	9.71%	9.66%	12.47%

City of McGregor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	2017	2018	2019
Total OPEB liability			
Service cost	\$ 8,842	\$ 10,653	\$ 12,036
Interest	4,839	5,004	5,491
Differences between expected and actual experience	-	(8,449)	(7,012)
Changes of assumptions	10,337	(9,316)	28,067
Benefit payments, including refunds of participant contributions	(1,719)	(1,819)	(1,679)
Net change in total OPEB liability	22,299	(3,927)	36,903
Total OPEB liability - beginning	\$ 124,461	\$ 146,760	\$ 142,833
Total OPEB liability - ending	\$ 146,760	\$ 142,833	\$ 179,736
 Covered-employee payroll	 \$ 2,456,230	 \$ 2,598,369	 \$ 2,798,981
Fund's OPEB liability as a percentage of covered-employee payroll	 5.98%	 5.50%	 6.42%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>2020</u>	<u>2021</u> ¹
\$ 14,588	\$ 17,425
5,121	4,303
(14,642)	(8,743)
25,493	6,487
(1,600)	(4,488)
<u>28,960</u>	<u>14,984</u>
<u>\$ 179,736</u>	<u>\$ 208,696</u>
<u>\$ 208,696</u>	<u>\$ 223,680</u> ²
\$ 2,701,526	\$ 2,640,152
7.73%	8.47%



***OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES***



NONMAJOR GOVERNMENTAL FUNDS

COURT TECHNOLOGY FUND

The fund accounts for technology fees that are restricted by enabling legislation for the use of improving the City's court technology.

COURT BUILDING FUND

The fund accounts for security fees that are restricted by enabling legislation for the use of improving the City's court security.

HOTEL MOTEL TAX FUND

The fund accounts for funds derived from hotel and motel occupancy taxes and is legally restricted to promote tourism within the City.

INDUSTRIAL PARK DEVELOPMENT

The fund accounts for the funds restricted for development of the Industrial Park.

PARK DEVELOPMENT

The fund accounts for the funds restricted for development of parks.

CEMETERY FUND

The fund accounts for the funds restricted for the maintenance and operations of the cemetery.

EXCHANGE EVENT CENTER

The fund accounts for the funds restricted for development of the Exchange Event Center.

GRANT FUND

The fund accounts for the funds received from restricted grant funds.

MCGREGOR PID

The fund accounts for funds derived from property assessments within the district restricted for costs associated with the specific assessed area within the City.

City of McGregor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<u>Assets</u>				
Cash and cash equivalents	\$ 37,916	\$ 49,336	\$ 134,925	\$ 292,629
Receivables, net	-	-	6,090	-
Total Assets	\$ 37,916	\$ 49,336	\$ 141,015	\$ 292,629
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 32,418
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	32,418
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - rental payments	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<u>Fund Balances</u>				
Restricted for:				
Community development	-	-	-	260,211
Municipal court	37,916	49,336	-	-
Tourism	-	-	141,015	-
Committed to:				
Parks	-	-	-	-
Cemetery	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	37,916	49,336	141,015	260,211
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 37,916	\$ 49,336	\$ 141,015	\$ 292,629

Special Revenue Funds

Special Revenue Funds					
Park Development	Cemetery Fund	Exchange Event Center	Grant Fund	McGregor PID	Total
\$ 371,237	\$ 490,402	\$ -	\$ 1,328,626	\$ 12,641	\$ 2,717,712
-	-	113,602	-	-	119,692
<u>\$ 371,237</u>	<u>\$ 490,402</u>	<u>\$ 113,602</u>	<u>\$ 1,328,626</u>	<u>\$ 12,641</u>	<u>\$ 2,837,404</u>
\$ -	\$ 150	\$ 50,448	\$ -	\$ -	\$ 83,016
-	-	26,460	-	-	26,460
<u>-</u>	<u>150</u>	<u>76,908</u>	<u>-</u>	<u>-</u>	<u>109,476</u>
-	-	101,550	-	-	101,550
<u>-</u>	<u>-</u>	<u>101,550</u>	<u>-</u>	<u>-</u>	<u>101,550</u>
-	-	-	1,328,626	12,641	1,601,478
-	-	-	-	-	87,252
-	-	-	-	-	141,015
371,237	-	-	-	-	371,237
-	490,252	-	-	-	490,252
-	-	(64,856)	-	-	(64,856)
<u>371,237</u>	<u>490,252</u>	<u>(64,856)</u>	<u>1,328,626</u>	<u>12,641</u>	<u>2,626,378</u>
<u>\$ 371,237</u>	<u>\$ 490,402</u>	<u>\$ 113,602</u>	<u>\$ 1,328,626</u>	<u>\$ 12,641</u>	<u>\$ 2,837,404</u>

City of McGregor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<u>Revenues</u>				
Property tax	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	48,408	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	4,776	5,561	-	-
Investment income	-	-	-	938
Other revenue	-	-	-	-
Total Revenues	<u>4,776</u>	<u>5,561</u>	<u>48,408</u>	<u>938</u>
<u>Expenditures</u>				
Current:				
Administrative services	-	-	10,230	52,727
Community services	1,167	-	-	-
Capital outlay	-	-	-	44,240
Total Expenditures	<u>1,167</u>	<u>-</u>	<u>10,230</u>	<u>96,967</u>
Revenues Over (Under) Expenditures	<u>3,609</u>	<u>5,561</u>	<u>38,178</u>	<u>(96,029)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	120,241
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,241</u>
Net Change in Fund Balances	<u>3,609</u>	<u>5,561</u>	<u>38,178</u>	<u>24,212</u>
Beginning fund balances	34,307	43,775	102,837	235,999
Ending Fund Balances	<u>\$ 37,916</u>	<u>\$ 49,336</u>	<u>\$ 141,015</u>	<u>\$ 260,211</u>

Special Revenue Funds

Park Development	Cemetery Fund	Event Center	Grant Fund	McGregor PID	Total
\$ -	\$ -	\$ -	\$ -	\$ 8,199	\$ 8,199
-	-	-	-	-	48,408
50,000	-	151,174	-	-	201,174
-	-	-	663,084	-	663,084
-	5,750	-	-	-	16,087
-	55,636	-	5,069	-	61,643
-	14,400	33,407	-	-	47,807
<u>125,000</u>	<u>75,786</u>	<u>184,581</u>	<u>668,153</u>	<u>8,199</u>	<u>1,121,402</u>
-	1,721	203,456	-	-	268,134
-	-	-	-	-	1,167
-	-	13,567	-	-	57,807
<u>-</u>	<u>1,721</u>	<u>217,023</u>	<u>-</u>	<u>-</u>	<u>327,108</u>
<u>125,000</u>	<u>74,065</u>	<u>(32,442)</u>	<u>668,153</u>	<u>8,199</u>	<u>794,294</u>
-	-	-	-	-	120,241
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,241</u>
125,000	74,065	(32,442)	668,153	8,199	914,535
246,237	416,187	(32,414)	660,473	4,442	1,711,843
<u>\$ 371,237</u>	<u>\$ 490,252</u>	<u>\$ (64,856)</u>	<u>\$ 1,328,626</u>	<u>\$ 12,641</u>	<u>\$ 2,626,378</u>

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL MOTEL TAX FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy taxes	\$ 20,000	\$ 48,408	\$ 28,408
Total Revenues	20,000	48,408	28,408
<u>Expenditures</u>			
Current:			
Adminisitrative services	20,000	10,230	9,770
Total Expenditures	20,000	10,230	9,770
Net Change in Fund Balances	\$ -	38,178	\$ 38,178
Beginning fund balances		102,837	
Ending Fund Balances		\$ 141,015	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,500	\$ 4,776	\$ 2,276
Total Revenues	<u>2,500</u>	<u>4,776</u>	<u>2,276</u>
<u>Expenditures</u>			
Current:			
Community services	2,500	1,167	1,333
Total Expenditures	<u>2,500</u>	<u>1,167</u>	<u>1,333</u>
Net Change in Fund Balances	<u>\$ -</u>	3,609	<u>\$ 3,609</u>
Beginning fund balances		34,307	
Ending Fund Balances		<u>\$ 37,916</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas

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

COURT BUILDING SECURITY

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,900	\$ 5,561	\$ 2,661
Total Revenues	2,900	5,561	2,661
<u>Expenditures</u>			
Current:			
Administrative services	120	-	120
Total Expenditures	120	-	120
Revenues Over (Under) Expenditures	2,780	5,561	2,781
Net Change in Fund Balances	\$ 2,780	5,561	\$ 2,781
Beginning fund balances		43,775	
Ending Fund Balances		\$ 49,336	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CEMETERY FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 3,500	\$ 5,750	\$ 2,250
Other revenue	6,500	14,400	7,900
Investment income	25,000	55,636	30,636
Total Revenues	35,000	75,786	40,786
<u>Expenditures</u>			
Current:			
Administrative services	35,000	1,721	33,279
Total Expenditures	35,000	1,721	33,279
Net Change in Fund Balances	\$ -	74,065	\$ 74,065
Beginning fund balances		416,187	
Ending Fund Balances		\$ 490,252	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL EXCHANGE EVENT CENTER

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 94,092	\$ 151,174	\$ 57,082
Miscellaneous Income	5,500	33,407	27,907
Total Revenues	99,592	184,581	84,989
<u>Expenditures</u>			
Current:			
Administrative services	142,182	203,456	(61,274)
Capital outlay	-	13,567	(13,567)
Total Expenditures	142,182	217,023	(74,841) *
Revenues Over (Under) Expenditures	(42,590)	(32,442)	10,148
<u>Other Financing Sources (Uses)</u>			
Transfers in	42,590	-	(42,590)
Total Other Financing Sources (Uses)	42,590	-	(42,590)
Net Change in Fund Balances	\$ -	(32,442)	\$ (32,442)
Beginning fund balances		(32,414)	
Ending Fund Balances		\$ (64,856)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

* Expenditures exceeded appropriations at the legal level of control.

City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 819,207	\$ 799,658	\$ (19,549)
Investment income	100	2,367	2,267
Total Revenues	819,307	802,025	(17,282)
<u>Expenditures</u>			
Current:			
Administrative services	1,000	1,450	(450)
Debt Service:			
Principal	500,512	596,657	(96,145)
Interest and fiscal charges	317,795	320,435	(2,640)
Total Expenditures	819,307	918,542	(99,235) *
Revenues Over (Under) Expenditures	-	(116,517)	(116,517)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	200	200
Total Other Financing Sources (Uses)	-	200	200
Net Change in Fund Balance	\$ -	(116,317)	\$ (116,317)
Beginning fund balance		165,517	
Ending Fund Balance		\$ 49,200	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

* Expenditures exceeded appropriations at the legal level of control.

City of McGregor, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2022

	<u>MEDC</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 817,489
Receivables, net	131,185
Prepaid items	370
Total Current Assets	<u>949,044</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	13,099
Total Liabilities	<u>13,099</u>
<u>Fund Balances</u>	
Nonspendable:	
Prepaid items	370
Restricted for:	
Economic development	935,575
Total Fund Balance	<u>935,945</u>
Total Liabilities and Fund Balance	<u><u>\$ 949,044</u></u>

See Notes to Financial Statements.

City of McGregor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2022

Fund Balance	\$	935,945
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	441,843
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Capital assets - net depreciable	7,506
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Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Compensated absences	(3,428)
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Net Position of the Discretely Presented Component Unit	\$	1,381,866
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City of McGregor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2022

	MEDC
<u>Revenues</u>	
Sales taxes	\$ 566,329
Investment income	2,124
Other revenues	61,324
Total Revenues	629,777
<u>Expenditures</u>	
General government	235,712
Transfers to the City	134,258
Total Expenditures	369,970
Excess of Revenues Over (Under) Expenditures	259,807
<u>Other Financing Sources (Uses)</u>	
Proceeds from sales of assets	44
Total Other Financing Sources (Uses)	44
Net Change in Fund Balance	259,851
Beginning fund balance	676,094
Ending Fund Balance	\$ 935,945

See Notes to Financial Statements.

City of McGregor, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE DISCRETELY PRESENTED
COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

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

Net changes in fund balance	\$ 259,851
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(556)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(604)
Change in Net Position of the Discretely Presented Component Unit	\$ 258,691

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Sales taxes	\$ 405,000	\$ 375,000	\$ 566,329	\$ 191,329
Other revenue	69,613	51,890	61,324	9,434
Investment income	600	3,000	2,124	(876)
Total Revenues	475,213	429,890	629,777	199,887
<u>Expenditures</u>				
Current:				
General government	340,955	295,632	235,712	59,920
Debt Service:				
Transfers to the City	134,258	134,258	134,258	-
Total Expenditures	475,213	429,890	369,970	59,920
Revenues Over (Under) Expenditures	-	-	259,807	259,807
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of assets	-	-	44	44
Total Other Financing Sources (Uses)	-	-	44	44
Net Change in Fund Balance	\$ -	\$ -	259,851	\$ 259,851
Beginning fund balance			676,094	
Ending Fund Balance			\$ 935,945	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

STATISTICAL SECTION

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

Contents	Page
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Financial Trends	102
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	113
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	123
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	133
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	136
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of McGregor, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Net Investment in capital assets	\$ 6,587,315	\$ 2,232,702	\$ 2,760,176	\$ 4,297,188
Restricted	689,894	3,399,512	1,532,606	2,488,879
Unrestricted	545,008	1,331,179	1,713,103	1,438,751
Total governmental activities net position	<u>\$ 7,822,217</u>	<u>\$ 6,963,393</u>	<u>\$ 6,005,885</u>	<u>\$ 8,224,818</u>
Business-type activities				
Net Investment in capital assets	\$ 11,898,065	\$ 12,253,701	\$ 14,908,336	\$ 14,939,638
Unrestricted	(397,943)	643,959	(791,536)	(213,450)
Total business-type activities net position	<u>\$ 11,500,122</u>	<u>\$ 12,897,660</u>	<u>\$ 14,116,800</u>	<u>\$ 14,726,188</u>
Primary government				
Net Investment in capital assets	\$ 18,485,380	\$ 14,486,403	\$ 17,668,512	\$ 19,236,826
Restricted	689,894	3,399,512	1,532,606	2,488,879
Unrestricted	147,065	1,975,138	921,567	1,225,301
Total primary government net position	<u>\$ 19,322,339</u>	<u>\$ 19,861,053</u>	<u>\$ 20,122,685</u>	<u>\$ 22,951,006</u>

Source: Annual Financial Reports.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 4,105,894	\$ 10,029,806	\$ 7,950,696	\$ 7,492,708	\$ 7,182,107	\$ 6,554,513
917,996	920,645	729,072	922,015	1,247,350	1,878,945
1,978,952	975,592	2,177,597	3,033,375	4,300,749	5,328,958
<u>\$ 7,002,842</u>	<u>\$ 11,926,043</u>	<u>\$ 10,857,365</u>	<u>\$ 11,448,098</u>	<u>\$ 12,730,206</u>	<u>\$ 13,762,416</u>
\$ 16,189,001	10,523,268	12,720,355	14,945,781	15,982,861	15,843,179
(253,657.00)	1,436,211	1,543,141	2,080,488	2,757,124	3,332,673
<u>\$ 15,935,344</u>	<u>\$ 11,959,479</u>	<u>\$ 14,263,496</u>	<u>\$ 17,026,269</u>	<u>\$ 18,739,985</u>	<u>\$ 19,175,852</u>
\$ 20,294,895	\$ 20,553,074	\$ 20,671,051	\$ 22,438,489	\$ 23,164,968	\$ 22,397,692
917,996	920,645	729,072	922,015	1,247,350	1,878,945
1,725,295	2,411,803	3,720,738	5,113,863	7,057,873	8,661,631
<u>\$ 22,938,186</u>	<u>\$ 23,885,522</u>	<u>\$ 25,120,861</u>	<u>\$ 28,474,367</u>	<u>\$ 31,470,191</u>	<u>\$ 32,938,268</u>

City of McGregor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
Administrative services	\$ 689,519	\$ 1,071,192	\$ 1,052,375	\$ 1,223,412
Community services	304,337	376,790	457,681	422,317
Development services	208,405	182,845	377,438	132,723
Emergency services	1,840,992	1,417,876	1,436,745	1,417,828
Financial services	183,412	171,062	174,936	190,523
Municipal services	1,310,704	823,860	956,979	1,553,159
Interest on long term debt	267,062	65,839	84,846	43,998
Total governmental activities expenses	<u>4,804,431</u>	<u>4,109,464</u>	<u>4,541,000</u>	<u>4,983,960</u>
Business-type activities:				
Water and wastewater	2,655,371	2,689,335	3,111,979	3,180,944
Executive Airport	254,332	280,330	277,047	276,748
Rachael Arms Apartments	208,312	204,121	214,467	199,688
Interest and fiscal charges	-	-	-	-
Total business-type activities expenses	<u>3,118,015</u>	<u>3,173,786</u>	<u>3,603,493</u>	<u>3,657,380</u>
Total primary government expenses	<u>\$ 7,922,446</u>	<u>\$ 7,283,249</u>	<u>\$ 8,144,493</u>	<u>\$ 8,641,340</u>
Program Revenues				
Governmental activities:				
Fees, Fines, and Charges for Services:				
Administrative services	\$ 1,110,124	\$ 173,656	\$ 362,204	\$ 429,016
Community services	61,345	106,154	62,439	119,622
Development services	1,457	14,413	2,842	21,546
Financial services	-	-	-	-
Emergency services	201,827	52,721	56,706	56,398
Municipal services	59,754	58,814	94,538	60,404
Land leases	-	798,647	1,176,021	1,152,840
Operating grants and contributions	(201,491)	-	-	-
Capital grants and contributions	-	36,551	-	-
Total governmental activities program revenues	<u>1,233,016</u>	<u>1,240,956</u>	<u>1,754,750</u>	<u>1,839,826</u>
Business-type activities:				
Charges for services:				
Utilities	3,275,564	3,313,260	3,531,030	3,656,173
Executive Airport	170,916	219,433	209,860	247,856
Rachael Arms Apartments	233,100	196,789	247,185	246,367
Operating grants and contributions	-	-	-	-
Capital grants and contributions	17,562	267,400	24,059	76,992
Total business-type activities program revenues	<u>3,697,142</u>	<u>3,996,883</u>	<u>4,012,134</u>	<u>4,227,388</u>
Total primary government program revenues	<u>\$ 4,930,158</u>	<u>\$ 5,237,840</u>	<u>\$ 5,766,884</u>	<u>\$ 6,067,214</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,157,753	\$ 248,231	\$ 1,290,089	\$ 1,287,466	\$ 1,629,524	\$ 1,749,945
538,399	637,790	495,933	507,068	445,998	678,307
187,700	501,075	171,753	170,719	150,474	178,303
1,429,388	1,446,600	1,528,149	1,551,376	1,548,277	1,700,255
195,514	213,879	228,632	229,546	187,523	147,447
1,358,182	1,880,715	1,145,928	1,103,704	1,079,978	1,257,969
693,699	573,709	332,933	336,933	305,336	927,883
<u>5,560,635</u>	<u>5,501,999</u>	<u>5,193,417</u>	<u>5,186,812</u>	<u>5,347,110</u>	<u>6,640,109</u>
3,254,065	3,454,763	3,758,980	3,684,626	4,092,103	4,539,127
277,360	309,258	312,462	299,724	394,583	431,978
126,124	-	-	-	-	-
-	-	353,046	291,633	269,821	197,001
<u>3,657,549</u>	<u>3,764,021</u>	<u>4,424,488</u>	<u>4,275,983</u>	<u>4,756,507</u>	<u>5,168,106</u>
<u>\$ 9,218,184</u>	<u>\$ 9,266,020</u>	<u>\$ 9,617,905</u>	<u>\$ 9,462,795</u>	<u>\$ 10,103,617</u>	<u>\$ 11,808,215</u>
\$ 324,532	\$ 189,724	\$ 526,601	\$ 368,804	\$ 624,288	\$ 548,886
101,102	223,280	-	-	-	-
7,364	1,596	-	-	-	-
-	-	-	-	-	-
120,773	54,218	-	-	-	-
109,542	55,795	144,782	144,890	147,310	199,649
1,175,469	1,180,818	1,149,996	1,191,216	925,258	949,121
-	-	173,675	150,365	808,961	872,530
-	-	-	150,000	320,000	-
<u>1,838,782</u>	<u>1,705,431</u>	<u>1,995,054</u>	<u>2,005,275</u>	<u>2,825,817</u>	<u>2,570,186</u>
4,209,307	4,313,098	4,669,348	4,774,311	5,011,536	5,140,421
249,239	240,955	210,235	221,614	255,918	276,403
102,041	-	-	-	-	-
-	-	49,998	53,798	23,000	42,935
50,000	34,178	-	-	781,937	-
<u>4,610,587</u>	<u>4,588,231</u>	<u>4,929,581</u>	<u>5,049,723</u>	<u>6,072,391</u>	<u>5,459,759</u>
<u>\$ 6,449,369</u>	<u>\$ 6,293,662</u>	<u>\$ 6,924,635</u>	<u>\$ 7,054,998</u>	<u>\$ 8,898,208</u>	<u>\$ 8,029,945</u>

City of McGregor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense) Revenue				
Governmental Activities	\$ (3,571,417)	\$ (2,868,508)	\$ (2,786,250)	\$ (3,144,134)
Business-type Activities	579,127	823,097	408,641	570,008
Total Primary government net expense	<u>\$ (2,992,290)</u>	<u>\$ (2,045,410)</u>	<u>\$ (2,377,609)</u>	<u>\$ (2,574,126)</u>
General Revenues				
and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 1,468,099	\$ 1,556,572	\$ 1,733,625	\$ 1,931,277
Sales taxes	566,952	667,679	813,304	806,115
Franchise taxes	291,920	30,659	335,800	348,688
Other taxes	12,179	292,585	10,003	22,213
Investment earnings	3,525	47,736	9,677	91,018
Gain on sale/retirement of capital assets	87,665		55,502	2,030
Miscellaneous	331,643	57,885	257,436	762,960
Transfers	(767,174)	(568,047)	(965,915)	390,113
Total Governmental Activities	<u>1,994,809</u>	<u>2,085,069</u>	<u>2,249,432</u>	<u>4,354,414</u>
Business-type Activities:				
Investment earnings	539	6,394	495	426
Gain on sale/retirement of capital assets	5,786	-	-	422,767
Miscellaneous	31,642	-	-	6,300
Transfers	746,340	568,047	965,915	(390,113)
Total Business-type Activities	<u>784,307</u>	<u>574,440</u>	<u>966,409</u>	<u>39,380</u>
Total Primary Government	<u>\$ 2,779,116</u>	<u>\$ 2,659,509</u>	<u>\$ 3,215,841</u>	<u>\$ 4,393,794</u>
Change in Net Position				
Governmental Activities	\$ (1,576,608)	\$ (783,439)	\$ (536,818)	\$ 1,210,280
Business-type Activities	1,363,434	1,397,537	1,375,050	609,388
Total Primary Government	<u><u>\$ (213,174)</u></u>	<u><u>\$ 614,099</u></u>	<u><u>\$ 838,232</u></u>	<u><u>\$ 1,819,668</u></u>

Source: Annual Financial Reports.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (3,721,853)	\$ (3,796,568)	\$ (3,198,363)	\$ (3,181,537)	\$ (2,521,293)	\$ (4,069,923)
953,038	824,210	505,093	773,740	1,315,884	291,653
<u>\$ (2,768,815)</u>	<u>\$ (2,972,358)</u>	<u>\$ (2,693,270)</u>	<u>\$ (2,407,797)</u>	<u>\$ (1,205,409)</u>	<u>\$ (3,778,270)</u>
\$ 2,012,269	\$ 2,195,430	\$ 2,352,875	\$ 2,646,444	\$ 2,793,131	\$ 2,817,468
794,137	788,941	753,605	814,149	888,446	1,136,821
349,614	353,102	405,508	373,413	375,820	414,993
32,989	25,960	-	-	-	-
116,256	153,830	220,567	167,020	21,511	221,832
1,512	78,591	9,026	-	-	-
124,958	345,555	116,027	198,599	35,094	470,389
506,894	(1,198,027)	(1,727,923)	(427,355)	(310,601)	40,630
<u>3,938,629</u>	<u>2,743,382</u>	<u>2,129,685</u>	<u>3,772,270</u>	<u>3,803,401</u>	<u>5,102,133</u>
3,013	6,757	12,542	15,063	2,098	9,703
752,699	-	-	-	-	-
7,300	7,700	58,459	60,788	85,133	175,141
(506,894)	1,198,984	1,727,923	427,355	310,601	(40,630)
<u>256,118</u>	<u>1,213,441</u>	<u>1,798,924</u>	<u>503,206</u>	<u>397,832</u>	<u>144,214</u>
<u>\$ 4,194,747</u>	<u>\$ 3,956,823</u>	<u>\$ 3,928,609</u>	<u>\$ 4,275,476</u>	<u>\$ 4,201,233</u>	<u>\$ 5,246,347</u>
\$ 216,776	\$ (1,053,186)	\$ (1,068,678)	\$ 590,733	\$ 1,282,108	\$ 1,032,210
1,209,156	2,037,651	2,304,017	1,276,946	1,713,716	435,867
<u>\$ 1,425,932</u>	<u>\$ 984,465</u>	<u>\$ 1,235,339</u>	<u>\$ 1,867,679</u>	<u>\$ 2,995,824</u>	<u>\$ 1,468,077</u>

City of McGregor, Texas
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-
Unreserved	-	87,221	96,366	-	-
Unassigned	990,965	1,185,459	1,909,105	2,466,488	3,412,771
Total general fund	<u>\$ 990,965</u>	<u>\$ 1,272,680</u>	<u>\$ 2,005,471</u>	<u>\$ 2,466,488</u>	<u>\$ 3,412,771</u>
All Other Governmental Funds					
Reserved for debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for restricted purposes	-	-	-	-	-
Nonspendable	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted for					
Debt service fund	43,051	72,342	75,968	136,235	126,736
Special revenue funds	229,426	289,961	299,657	365,715	791,260
Capital projects fund	341,741	2,974,397	1,156,981	6,864,511	5,959,341
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 614,218</u>	<u>\$ 3,336,700</u>	<u>\$ 1,532,606</u>	<u>\$ 7,366,461</u>	<u>\$ 6,877,337</u>

Source: Annual Financial Reports

Note: The City implemented GASB statement No. 54

"Fund Reporting and Governmental Fund Type

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,475	27,195	3,000	818,254
-	-	-	-	-
1,496,561	1,549,572	2,158,504	2,875,664	4,250,917
<u>\$ 1,496,561</u>	<u>\$ 1,551,047</u>	<u>\$ 2,185,699</u>	<u>\$ 2,878,664</u>	<u>\$ 5,069,171</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	1,063	-	-
-	-	-	-	-
-	-	-	-	-
131,071	131,993	144,836	165,517	49,200
1,288,230	597,079	777,179	1,081,833	1,829,745
6,535,759	3,791,688	1,933,993	1,161,221	16,895,820
-	577,702	636,641	662,424	861,489
-	-	(13,251)	(32,414)	(64,856)
<u>\$ 7,955,060</u>	<u>\$ 5,098,462</u>	<u>\$ 3,480,461</u>	<u>\$ 3,038,581</u>	<u>\$ 19,571,398</u>

City of McGregor, Texas
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES:				
Taxes	\$ 2,351,315	\$ 2,516,836	\$ 2,917,755	\$ 3,015,170
Administrative fees	179,438	172,330	145,937	164,287
Licenses and permits	34,576	37,413	38,414	87,373
Contributions and donations	-	-	-	-
Leases	1,064,477	982,058	1,176,021	1,152,840
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	140,943	127,967	342,368	288,993
Investment income	3,524	47,735	9,676	91,018
Miscellaneous	162,504	193,626	339,558	357,937
Total Revenues	<u>3,936,777</u>	<u>4,077,963</u>	<u>4,969,729</u>	<u>5,157,618</u>
EXPENDITURES:				
Administrative services	990,151	885,645	834,516	866,674
Community services	271,928	287,054	367,944	406,706
Development services	208,406	182,844	218,672	129,350
Emergency services	1,442,506	1,340,926	1,345,669	1,299,886
Financial services	176,382	171,062	174,936	185,643
Municipal services	298,294	452,293	682,279	748,004
Capital outlay	338,499	714,839	107,641	1,590,079
Debt Service:				
Principal retirement	642,909	739,225	994,953	988,092
Interest and fiscal charges	267,749	261,356	348,509	294,942
Administrative charges		71,985	-	72,645
Total Expenditures	<u>4,636,824</u>	<u>5,107,229</u>	<u>5,075,119</u>	<u>6,582,021</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(700,047)</u>	<u>(1,029,266)</u>	<u>(105,390)</u>	<u>(1,424,403)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	466,050	559,740	971,778	1,025,601
Transfers out	(1,233,223)	(1,127,787)	(1,937,693)	(635,488)
Long-term debt issued (paid)	238,000	3,982,573	-	-
Leases	-	618,936	-	-
Proceeds from sale of capital assets	82,565	-	-	-
Insurance recoveries	-	-	-	-
Debt Proceeds	-	-	-	7,329,163
Premium on bond issuance	-	-	-	-
Total Other Financing Sources (Uses)	<u>(446,608)</u>	<u>4,033,462</u>	<u>(965,915)</u>	<u>7,719,276</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,146,655)</u>	<u>\$ 3,004,196</u>	<u>\$ (1,071,305)</u>	<u>\$ 6,294,873</u>
Debt service as a percentage of noncapital expenditures	26.9%	30.1%	37.1%	35.3%

Source: Annual Financial Reports

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,189,009	\$ 3,337,472	\$ 3,525,185	\$ 3,832,175	\$ 4,046,031	\$ 4,387,205
26,516	36,692	-	-	-	-
48,912	92,183	88,180	86,150	123,071	83,014
-	-	25,245	502	325	75,188
1,175,469	1,180,818	1,139,665	1,170,043	941,357	1,058,083
-	-	148,430	299,863	808,636	797,342
-	-	438,421	282,654	399,667	459,372
315,253	176,326	158,632	146,722	149,658	199,649
94,593	153,830	220,567	167,020	21,511	221,832
372,052	677,289	38,991	86,082	35,094	112,137
<u>5,221,804</u>	<u>5,654,610</u>	<u>5,783,316</u>	<u>6,071,211</u>	<u>6,525,350</u>	<u>7,393,822</u>
903,537	936,441	1,044,190	1,068,166	1,290,940	1,423,383
511,052	615,292	464,602	441,968	386,725	544,995
187,700	252,891	176,742	171,174	103,662	28,305
1,307,839	1,329,047	1,433,899	1,405,033	1,437,323	1,425,820
195,514	213,879	235,257	229,843	190,451	131,761
1,011,915	867,047	926,913	858,534	834,410	1,004,049
2,427,049	3,991,234	1,834,749	1,731,793	904,978	1,030,327
753,858	916,654	462,691	470,852	478,886	596,657
673,075	609,363	364,524	362,359	336,288	320,435
97,433	149,252	-	-	-	436,632
<u>8,068,972</u>	<u>9,881,100</u>	<u>6,943,567</u>	<u>6,739,722</u>	<u>5,963,663</u>	<u>6,942,364</u>
<u>(2,847,168)</u>	<u>(4,226,490)</u>	<u>(1,160,251)</u>	<u>(668,511)</u>	<u>561,687</u>	<u>451,458</u>
2,448,915	1,522,652	331,442	293,498	185,523	160,871
(1,942,021)	(2,720,679)	(2,059,365)	(720,853)	(496,124)	(120,241)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	9,026	-	-	422,236
-	-	77,036	112,517	-	-
2,635,000	4,105,000	-	-	-	-
162,433	169,052	-	-	-	17,809,000
<u>3,304,327</u>	<u>3,076,025</u>	<u>(1,641,861)</u>	<u>(314,838)</u>	<u>(310,601)</u>	<u>18,271,866</u>
<u>\$ 457,159</u>	<u>\$ (1,150,465)</u>	<u>\$ (2,802,112)</u>	<u>\$ (983,349)</u>	<u>\$ 251,086</u>	<u>\$ 18,723,324</u>
25.3%	25.9%	16.1%	16.7%	15.9%	15.0%



City of McGregor, Texas
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

Year	Property	Sales & Hotel-Motel	Franchise	Total
2013	\$ 1,492,443	\$ 575,422	\$ 291,920	\$ 2,359,785
2014	1,556,572	698,338	292,585	2,547,495
2015	1,758,648	823,307	335,800	2,917,755
2016	1,838,154	828,328	348,688	3,015,170
2017	2,012,269	824,895	349,614	3,186,779
2018	2,195,388	812,217	353,102	3,360,707
2019	2,366,072	780,667	378,900	3,525,639
2020	2,644,613	814,149	373,413	3,832,175
2021	2,781,427	1,362,427	331,212	4,475,066
2022	2,835,391	1,185,229	366,585	4,387,205

Source: Annual Financial Reports.

City of McGregor, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Tax Year	Estimated Market Value		Less: Tax-Exempt Property
		Real Property	Personal Property	
2013	2012	\$ 217,847,354	\$ 255,038,435	\$ 229,882,990
2014	2013	222,786,614	79,067,700	47,276,416
2015	2014	278,385,456	100,037,270	95,833,323
2016	2015	288,347,670	127,408,930	112,857,097
2017	2016	311,646,499	126,618,740	101,345,296
2018	2017	325,810,971	129,619,510	114,416,686
2019	2018	369,842,588	139,597,140	114,774,165
2020	2019	402,333,192	159,884,770	135,082,011
2021	2020	487,632,933	173,449,090	155,710,893
2022	2021	560,977,657	198,546,950	159,663,024

Source: McClennan County Appraisal District

Total Taxable Assesed Value		Total Direct Tax Rate
\$	243,002,799	\$ 0.530184
	254,577,898	0.600000
	254,577,898	0.595000
	282,589,403	0.595000
	302,899,503	0.595000
	341,013,795	0.594010
	394,665,563	0.594010
	427,135,951	0.601413
	505,371,130	0.578954
	599,861,583	0.546945



City of McGregor, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Years

(Unaudited)

City Direct Rates				Overlapping Rates			
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McGregor Independent School District	Midway Independent School District	McLennan County	McLennan Community College
2013	\$ 0.40133	\$ 0.19867	\$ 0.60000	\$ 1.18500	\$ 1.32000	\$ 0.48426	\$ 0.15153
2014	0.41307	0.18694	0.60000	1.35500	1.32000	0.53529	0.15153
2015	0.39614	0.19886	0.60000	1.35500	1.32000	0.53529	0.14953
2016	0.40747	0.18753	0.59500	1.35500	1.32000	0.52529	0.14972
2017	0.39641	0.19859	0.59500	1.33380	1.32000	0.52529	0.14890
2018	0.41071	0.18330	0.59401	1.33000	1.32000	0.50529	0.15035
2019	0.41370	0.18031	0.59401	1.33000	1.32000	0.48529	0.14770
2020	0.40946	0.19196	0.60141	1.27610	1.12500	0.48529	0.14770
2021	0.40470	0.17425	0.57895	1.16728	1.23640	0.46872	0.14978
2022	0.39233	0.15461	0.54694	1.11297	1.16430	0.42500	0.14978

Source: McLennan County Appraisal District

Note:

A typical property tax bill would consist of the City, School District, Community College, and County taxes.

City of McGregor, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago
(Unaudited)

<u>Taxpayer</u>	2022		Percentage of Total City Taxable Assessed Value *
	Taxable Assessed Value	Rank	
Ferguson Enterprises	\$ 83,984,010	1	14.00%
Space X Company	48,691,540	2	8.12%
Fubakaze Holdings, LLC	8,501,640	3	1.42%
Behlen Manufacturing Co	6,064,790	4	1.01%
Transtech Fabrications, LLC	5,275,398	5	0.88%
Oncor Electric Delivery Co LLC	5,103,610	6	0.85%
First National Bank of McGregor	4,595,540	7	0.77%
Arnold Waco, LLC	4,154,670	8	0.69%
Waste Connections Lone Star, Inc	3,978,380	9	0.66%
Spirit Master Funding VI LLC	3,804,470	10	0.63%
Total	<u>\$ 174,154,048</u>		<u>29.03%</u>
* Total Assessed Value at September 30, 2022:	\$ 599,861,583		

Source: McLennan County Appraisal District

<u>Taxpayer</u>	2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value *
Ferguson Enterprises	\$ 38,534,662	1	15.86%
Space X Company	10,367,230	2	4.27%
Land O'Lakes Farmland Feed LLC	7,734,630	3	3.18%
Tubular Structures Int LLC	4,952,350	4	2.04%
John McClaren Chevrolet	4,412,670	5	1.82%
Oncor Electricity Delivery	3,040,230	6	1.25%
Tubular Structures Int LLC	3,000,000	7	1.23%
Heart of Texas Electric Co-op	2,392,240	8	0.98%
WTH Properties LLC	2,246,910	9	0.92%
HAALO LTD	2,217,740	10	0.91%
Total	<u>\$ 78,898,662</u>		<u>32.47%</u>
* Total Assessed Value at September 30, 2013:	\$ 243,002,799		

City of McGregor, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years		Adjusted Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy	
							Amount	Percentage of Levy
2013	\$	1,458,857	\$	(66)	\$	1,458,791	\$ 1,420,948	97.40%
2014		1,540,098		(1,424)		1,538,674	1,511,879	98.17%
2015		1,718,623		(5,220)		1,713,403	1,686,090	98.11%
2016		1,835,042		(10,551)		1,824,491	1,786,487	97.35%
2017		2,009,296		(708)		2,008,588	1,962,491	97.67%
2018		2,180,419		(720)		2,179,699	2,142,383	98.02%
2019		2,346,442		173		2,346,615	2,309,523	98.26%
2020		2,613,352		496		2,613,848	2,566,579	98.21%
2021		2,734,269		(986)		2,733,283	2,693,454	98.51%
2022		2,801,042		-		2,801,042	2,760,823	98.56%

Source: McLennan County Tax Office

Collections in Subsequent Years		Total Collections	
		Amount	Percentage of Levy
\$	33,622	\$ 1,454,570	99.71%
	25,507	1,537,386	99.92%
	24,659	1,710,749	99.85%
	30,769	1,817,256	99.60%
	34,964	1,997,455	99.45%
	32,928	2,175,311	99.80%
	30,717	2,340,240	99.73%
	33,922	2,600,501	99.49%
	23,558	2,717,012	99.40%
	-	2,760,823	98.56%



City of McGregor, Texas
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	McGregor City Direct Rate	McGregor EDC Rate	McLennan County Rate	State Rate	Combined Rate
2013	1.00%	0.50%	0.50%	6.25%	8.25%
2014	1.00%	0.50%	0.50%	6.25%	8.25%
2015	1.00%	0.50%	0.50%	6.25%	8.25%
2016	1.00%	0.50%	0.50%	6.25%	8.25%
2017	1.00%	0.50%	0.50%	6.25%	8.25%
2018	1.00%	0.50%	0.50%	6.25%	8.25%
2019	1.00%	0.50%	0.50%	6.25%	8.25%
2020	1.00%	0.50%	0.50%	6.25%	8.25%
2021	1.00%	0.50%	0.50%	6.25%	8.25%
2022	1.00%	0.50%	0.50%	6.25%	8.25%

Source: Texas Comptroller of Public Accounts.

City of McGregor, Texas
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities		
	Combination Tax and Revenue Certificates of Obligation	Other Debt Obligations	Notes Payable
2013	\$ 4,891,543	\$ 1,001,829	\$ -
2014	8,441,443	661,829	768,457
2015	7,917,004	311,829	647,943
2016	14,228,691	-	550,052
2017	16,795,053	-	420,651
2018	10,911,468	-	306,347
2019	10,494,798	-	231,395
2020	10,040,867	-	185,543
2021	9,576,916	-	141,657
2022	26,066,965	835,000	-

Source: Annual Financial Reports

Business-Type Activities

Combination Tax and Revenue Certificates of Obligation	General Obligation Refunding Bonds	Notes Payable	Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ -	\$ 271,540	\$ -	\$ 6,164,912	6.46%	\$ 1,235
-	-	244,450	-	10,116,179	10.12%	2,014
-	-	216,299	-	9,093,075	10.36%	1,804
-	-	187,746	49,770	15,016,259	16.23%	2,978
-	-	158,907	34,209	17,408,820	18.95%	3,453
9,323,564	-	129,040	15,849	20,686,268	20.51%	4,091
8,729,094	-	98,871	-	19,554,158	18.77%	3,821
8,185,949	-	73,963	-	18,486,322	17.25%	3,630
5,647,809	2,010,000	-	-	17,376,382	16.07%	3,378
5,202,858	1,800,000	-	-	33,904,823	21.89%	5,883



City of McGregor, Texas
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2013	\$ 4,891,543	\$ 33,283	\$ 4,858,260	2.00%	\$ 974
2014	8,441,443	72,342	8,369,101	3.29%	1,666
2015	7,917,004	75,968	7,841,036	3.08%	1,555
2016	14,228,691	136,235	14,092,456	4.99%	2,795
2017	16,795,053	121,518	16,673,535	5.50%	3,307
2018	20,235,032	137,458	20,097,574	5.89%	3,975
2019	19,223,892	131,993	19,091,899	4.84%	3,730
2020	18,226,816	144,836	18,081,980	4.23%	3,550
2021	15,224,725	165,517	15,059,208	2.98%	2,928
2022	31,269,823	865,947	30,403,876	5.07%	5,714

Source: Annual Financial Reports.



City of McGregor, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2022

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Coryell County	\$ -	31.000%	\$ -
McGregor Independent School District	22,009,627	77.94%	17,154,303
McLennan County	74,300,000	2.26%	1,679,180
McLennan Community College	44,450,000	2.26%	1,004,570
Midway Independent School District	185,010,000	0.33%	610,533
Oglesby Independent School District	<u>1,000,000</u>	9.30%	93,000
Subtotal, overlapping debt	\$ 326,769,627		20,541,586
City of McGregor (direct debt)			<u>26,066,965</u>
Total direct and overlapping debt			<u><u>\$ 46,608,551</u></u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed values that were obtained from the McLennan County Appraisal District. Applicable percentages were estimated by determining the portion of the taxing authorities' taxable assessed values that are within the City's boundaries and dividing it by the taxing authorities's total taxable assessed values. (Texas Municipal Reports TMR #1909)

Source: Municipal Advisory Council of Texas

City of McGregor, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual debt requirement limit	\$ 6,072,909	\$ 6,364,447	\$ 7,064,735	\$ 7,479,506
Total net debt applicable to limit	<u>107,259</u>	<u>109,312</u>	<u>109,312</u>	<u>92,982</u>
Legal debt margin	<u>\$ 5,965,650</u>	<u>\$ 5,965,650</u>	<u>\$ 6,955,423</u>	<u>\$ 7,386,524</u>
Total net debt applicable to the limit as a percentage of debt limit	1.77%	1.72%	1.77%	1.24%

Source: Annual Financial Reports.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 8,183,279	\$ 8,525,345	\$ 9,866,639	\$ 10,678,399	\$ 12,634,278	\$ 12,634,278
493,549	587,384	771,681	764,826	767,547	812,197
<u>\$ 7,689,730</u>	<u>\$ 7,937,961</u>	<u>\$ 9,094,958</u>	<u>\$ 9,913,573</u>	<u>\$ 11,866,731</u>	<u>\$ 11,822,081</u>
6.03%	6.89%	7.82%	7.2%	6.1%	6.4%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 599,861,583
Debt limit (\$2.50 per \$100 valuation)	14,996,540
Debt applicable to limit:	
2003, 2016, portion of 2017, and 2018A Certificates of Obligation - principal & int.	812,197
Legal debt margin	<u>\$ 14,184,343</u>



City of McGregor, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	City of McGregor	McLennan Co. Personal Income	McLennan Co. Per Capita Personal Income	Median Age (2)	McGregor ISD School Enrollment	McLennan Co. Unemployment Rate
	Estimated Population (1)	(thousands of dollars) (2)	(2)		(4)	(5)
2013	5,022	99,996	19,912	34.5	1,402	3.8%
2014	5,041	87,779	17,413	32.2	1,404	4.0%
2015	5,042	92,504	18,347	31.6	1,425	4.1%

Year	City of McGregor	City of McGregor Personal Income	City of McGregor Per Capita Personal Income	Median Age (3)	McGregor ISD School Enrollment	City of McGregor Unemployment Rate
	Estimated Population (1)	(thousands of dollars) (2)	(2)		(4)	(5)
2016	5,042	91,879	18,223	31.4	1,425	3.9%
2017	5,056	100,870	19,951	34.3	1,461	5.3%
2018	5,118	104,151	20,350	34.3	1,421	2.9%
2019	5,093	107,197	21,048	34.7	1,493	2.7%
2020	5,144	108,132	21,021	35.7	1,504	2.3%
2021	5,321	135,611	25,486	35.7	1,478	2.3%
2022	5,763	154,898	26,878	35.2	1,492	3.4%

Sources: (1) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
(2) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
(3) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
(4) McGregor Independent School District
(5) Texas Workforce Commission (2008 - 2009); U.S. Census Bureau (2010;2019); Greater Waco Chamber of Commerce (2011-2012; 2015;2017)Homefacts (2014).

City of McGregor, Texas

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

(Unaudited)

2022

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Space Exploration, Inc.	590	1	13.65%
McGregor ISD	290	2	6.71%
The Trane Company	200	3	4.63%
Ferguson Enterprises	165	4	3.82%
Westview Manor	107	5	2.48%
Trans Tech	86	6	1.99%
Behlen	75	7	1.74%
Look Trailers	74	8	1.71%
Heart of Texas Electric Co-op	60	9	1.39%
City of McGregor	57	10	1.32%
Total	<u>1,704</u>		<u>39.42%</u>
City Total	<u>4,322</u>		

Source: US Census Bureau and MEDC

Note: Percentages based on assumed total city employment of 75% of total population

2013

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
C3 Customer Connect Channels	745	1	19.78%
McGregor ISD	325	2	8.63%
Westview Manor	238	3	6.32%
The Trane Company	173	4	4.59%
Space Exploration Inc	157	5	4.17%
Ferguson Enterprises	110	6	2.92%
John McClaren Chevrolet	75	7	1.99%
City of McGregor	75	8	1.99%
Progressive Waste Solutions	61	9	1.62%
GAP Roofing	60	10	1.59%
Total	2,019		53.60%
City Total	3,767		

City of McGregor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administrative services	4	4	4	4	4	2.5
Community services	6	6	6.5	6.5	7	8
Development services	1	1	1	1	2	2
Emergency services	19	19	18	18	18	18
Financial services	2	2	2	2	2	2
Municipal services	4	4	7	9	9	11.5
Water	6	6	7	7	7	6.5
Sewer	5	5	5	5	5	5
MEDC	1	1.5	1.5	2	2	2
Airport	1	1	1	1	1	2
The Exchange	-	-	-	-	-	-
Rachael Arms Apartments	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>-</u>	<u>-</u>
Total	<u><u>50.5</u></u>	<u><u>51</u></u>	<u><u>54.5</u></u>	<u><u>57</u></u>	<u><u>57</u></u>	<u><u>59.5</u></u>

Source: City Records

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
2.5	2.5	2.5	2.5
8	8	8.5	8.5
2	2	1	2.5
18	18	18	18
2	2	2	2
11.5	8	9	9
6.5	6.25	6	6
5	5.75	6	6
2	2	2	2
2	1	1	0.5
1	1	1	1
-	-	-	-
<u>60.5</u>	<u>56.5</u>	<u>57</u>	<u>58</u>

City of McGregor, Texas
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Development Services						
Building permits	282	227	264	455	482	426
Building inspections	600	425	525	863	925	640
Code enforcement inspections	560	400	428	440	451	456
Emergency Services						
Adult arrests	216	241	236	228	162	153
Juvenile arrests	31	11	7	3	18	8
Crimes cleared/closed	767	308	302	126	103	68
Animals impounded	106	175	268	102	214	201
Fire Investigations*	-	-	-	-	-	-
Fire Inspections*	-	-	-	-	-	-
Municipal Services						
Streets repaired (Blocks)	6	2	14	52	72	23
Potholes repaired	475	250	51	65	48	47
Water						
Water leaks repaired	112	60	57	44	68	110
New service connections	11	20	34	11	16	33
Reconnections	276	304	302	293	3	6
Daily average consumption	1,993,530	865,000	901,000	959,723	963,899	1,032,616
Wastewater						
Sewer mains cleaned in footage	21,000	28,980	14,215	16,625	9,500	11,925

Source: City Departments. Prior year data not available.

*Change in procedure to determine closed case

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
475	438	558	433
905	682	561	845
294	295	175	285
135	56	51	69
6	3	1	5
28	118	15	124
135	106	28	82
13	3	1	1
15	15	12	6
21	29	10	12
53	500	500	950
76	59	58	74
68	46	59	71
-	6	2	240
840,258	883,004	1,329,681	967,793
15,820	9,181	8,800	6,500

City of McGregor, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Community Services						
Parks (acres)	86	86	86	86	113	113
Playgrounds	4	4	4	4	4	4
Swimming Pools	1	1	1	1	1	1
Tennis Courts	4	4	1	1	1	1
Basketball Courts			3	3	3	3
Senior Center	1	1	1	1	1	1
Emergency Services						
Police Stations	1	1	1	1	1	1
Police and Animal Control Vehicles	11	11	11	11	11	11
Fire Stations	2	2	2	2	2	2
Municipal Services						
Streets- Paved (miles)	67	67	67	67	67	68
Traffic signals	3	3	3	3	3	4
Signs Replaced*	-	-	71	41	51	45
Water						
Water Mains (miles)	60	60	61	61	62	56
Fire Hydrants	130	132	147	155	168	184
Storage capacity (thousands of gallons)	1,725	1,725	1,725	1,725	1,725	2,375
Wastewater						
Sanitary Sewers (miles)	60	60	62	62	63	63
Treatment capacity (thousands of gallons)	1,100	1,100	1,100	1,100	1,100	1,100

Source: City Departments. *Data for earlier years is not available.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
113	113	115	115
4	4	4	4
1	1	1	1
1	1	1	1
3	3	3	3
1	1	1	1
1	1	1	1
13	13	13	13
2	2	2	2
68	68	68	68
4	4	4	4
59	24	20	26
56	61	62	62
184	186	189	190
2,375	2,375	2,375	2,375
63	63	63	63
1,100	1,100	1,100	1,100

