



# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FISCAL YEAR END SEPTEMBER 30, 2023**

**CITY OF MELISSA**

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

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## **INTRODUCTORY SECTION**

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February 27, 2024

To the Honorable Mayor and City Council, and  
Citizens of the City of Melissa, Texas

The City's Management Team is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Melissa (the "City") for the fiscal year ending September 30, 2023. The City's Management Team assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

In accordance with the City's Charter, bond covenants and Chapter 103 of the Texas Local Government Code, the City is required to obtain an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City's financial statements have been audited by Pattillo, Brown, & Hill, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The Annual Comprehensive Financial Report (ACFR) is prepared in accordance with GAAP in the United States of America established by the Government Accounting Standards Board. The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditor's report on the basic financial statements. The statistical section includes selected financial and demographic information which is presented on a multi-year basis.



The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditors' report. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

## **The Reporting Entity**

The City of Melissa was founded in 1851 and is a Home Rule City operating under a Council-Manager form of government adopted in the City's Home Rule Charter in November 2011. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member City Council. The City Manager is appointed by the City Council and is responsible for carrying out policies and for the daily management of the City. Effective May 2012, Council Members will serve three-year staggered terms and are elected in an "at-large" system. The Mayor is elected to serve a three-year term and is also elected at-large.

The City of Melissa provides a full range of municipal services including police and fire protection, water and wastewater services, the construction and maintenance of streets, infrastructure and other related facilities, code enforcement, building inspection, parks, library, public improvements, planning and zoning, economic development, and general administrative services. Technical services such as engineering, legal, and solid waste/recycling are outsourced to the private sector.

The accompanying ACFR incorporates all funds of the City and includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the Governmental Accounting Standards Board.

Component units are legally separate organizations that a primary government must include as a part of its financial entity. The City has included financial statements for the Melissa Industrial and Economic Development Corporation (4A) and the Melissa Community and Economic Development Corporation (4B). The 4A and 4B Funds account for the local sales tax used to stimulate local economy, development, and redevelopment.

The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by Fund and department (e.g. police). Department heads may transfer resources within a department with the City Manager's approval. Any amendments and adjustments to the annual budget need approval from the governing Council.



## The City of Melissa

The City of Melissa is a fast-growing North Texas community with a population of approximately 24,000. It is located seven miles northeast of McKinney just off State Highway 75, in north central Collin County. Melissa is in a dynamic growth area with a region encompassing nine counties and spanning one hundred miles with a population of over four million. Melissa's close proximity to Dallas and its suburbs offer easy access to all parts of the Metroplex.

From this community came many individuals and families who have been prominent in the business and professional life of Collin County. Some of the first settlers came from the old Highland community, which was located north of present day Melissa. It was here that C.H. Wysong settled as early as 1846. A Post Office was established and Isaac N. Foster became the first Postmaster on September 9, 1853. The location of the Post Office was located at Foster Crossing about 3 miles north of Melissa. The rich soils of the Blackland Prairie and the waters of the Elm Fork of the Trinity River attracted settlers to the area in the 1840s. In 1872, the Houston and Texas Central Railroads were built through the community, and the town of Melissa was laid out. Sources disagree as to the origin of the name of the town. Some say that Melissa was named for Melissa Quinlan, daughter of George A. Quinlan, an official of the Houston and Texas Central Railroad. Others say that it received its name for Melissa Huntington, daughter of C. P. Huntington, a prominent railroad executive.

In 1886 Melissa had a flourmill, two cotton gins that shipped 3,000 bales of cotton annually and several business houses. It became a stop on the Interurban (The Texas Electric Railway), linking Dallas and Denison in 1908. Due to this transportation network, it made Melissa a commercial and community center for area farmers. By 1914, Melissa's population had reached 400. Unlike many rural communities in Texas, Melissa had electric lights, a telephone exchange, and paved roads before 1920. It also had five churches, a large school, and a number of businesses, including a bank. A tornado struck the town on April 13, 1921, killing thirteen people, injuring fifty-four, and demolishing many homes and businesses. Eight years later, on August 8, 1929, a fire destroyed many of the buildings that had been rebuilt after the tornado.

The Great Depression, the mechanization of farming, and job opportunities in the Dallas metropolitan area after World War II further slowed community growth. The population of Melissa declined from 500 in 1925 to 285 in 1949. In 1966 the population was 375. Melissa was incorporated in the early 1970s. In 1980 it had a population of 604 and nine businesses. Melissa encompasses approximately twenty-one square miles of rolling hills situated between the East fork of the Trinity River and Sister Grove Creek. The City of Melissa is located a short distance from two popular Texas lakes, Lake Lavon and Lake Texoma. Melissa has three intersecting highways, Highway 75, State Highway 121 and Highway 5 (McKinney Street) all of which provide easy access south to Dallas, Austin and San Antonio, and north to Oklahoma. Highway 75 also intersects with Interstate 635, the major business loop around Dallas. State



Highway 121 runs northeast and southwest providing access south to DFW International Airport and south to the Dallas North Tollway.

## **Economic Condition and Outlook**

By most measures, Melissa is a city on the rise and continues to attract new residents at a brisk pace. The 2000 Census estimated the population to be 1,350, while the 2023 population estimate is approximately 24,000 residents. People continue to relocate to Melissa because it is a great place to live, attend quality schools, and raise a family, and the City has taken the initiative through comprehensive planning to define what it wants to look like in the face of the future growth.

The City continues to focus on the development of its infrastructure systems through a systematic and planned approach. The City felt that being prepared for the growth in the community will allow the City to grow at the pace and standards it wants. Beginning in 2006, the City adopted its first ever Comprehensive Plan to set the ground work for action planning in the future. In early 2007, staff began planning for the infrastructure that would be needed if the City grows at the pace the Comprehensive Plan anticipates. The City has since adopted Capital Improvement Programs (CIP's) for transportation, water/wastewater and parks/trails system. Both the Comprehensive Plan and CIP's were reviewed, updated and adopted in 2015 and look at the needs and priorities for the community for the next ten years.

The CIP models are built upon the projects that will be needed over the next ten year planning period if the assumed growth is consistent with the Comprehensive Plan projections. Projects are initiated by need or stress placed upon the system by growth. Examples of these triggers include the growth in the tax base or increased water customers. In addition to the tangible triggers, the City Council will also evaluate the subjective factors such as general economic conditions and technical components such as traffic congestion, water/wastewater capacity. In all situations, the City attempts to leverage City funds with outside sources and economic development opportunities to maximize value of the asset to the Melissa community. The models are also built with flexibility in the project schedule. If the triggers do not materialize in a given year, the proposed projects are delayed to a future year. If the triggers accelerate past the projections, projects may be moved forward in the plan. Lastly, the plan also allows for the City to be proactive with economic development opportunities by moving a project forward to capture an unforeseen opportunity.

The CIPs again are based upon the assumption of growth. If the growth does not materialize in the manner in which assumed, the projects are not constructed and delayed until appropriate. If the City does not plan aggressively, then the growth that will eventually occur will overwhelm the infrastructure systems. Services, residents, and businesses all suffer when infrastructure systems are at capacity. Appropriate planning is the key to being proactive.



## Financial Planning and Fiscal Policies

The City utilizes several planning documents to assist with the City's long-term financial planning process, as any infrastructure investment has a financial implication that must be accounted for. The following is a list of the plans utilized by the City and how they may impact the FY24 budget.

### Comprehensive Plan:

Overview: The City adopted its first Comprehensive Plan in 2006 with the help of an outside consulting firm. The document reviewed many building blocks for community development including utilities, thoroughfares, parks, facilities, housing, and many other issues. The action steps that were to be considered in the future were outlined in a specific chapter within the document. These action steps were designed to help the City address any existing issues identified through the study or to help the City proceed in the desired direction. The Comprehensive Plan was updated and adopted in 2015 and is available on the City's website at [www.cityofmelissa.com](http://www.cityofmelissa.com). The Comprehensive Plan is reviewed for any implementation priorities during each budget cycle so funding is identified to address such a priority. In 2023, the City initiated an interim review of the Comprehensive Plan to address new statewide legislative changes that have impacted the growth model contemplated in the 2015 Comprehensive Plan. The addendum should be completed in the first quarter of 2024 and be integrated into the FY 2025 Budget process.

### Capital Improvement Programs:

Overview: The City adopted Capital Improvement Programs for water, wastewater, and transportation in 2007. The plans are for the ultimate growth of each of these systems and total in excess of \$100 million. Each plan is built upon the assumption of growth in the Melissa tax base/customers/community and established general timelines on what infrastructure needs to be in place if certain growth occurs. If the growth does not occur, the projects are not constructed until the need exists. A new, ten year Capital Improvement Program will be developed based on the addendum to the Comprehensive Plan currently underway.

## Accounting System and Budgetary Control

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the





valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. The budget is developed and controlled at the department level, although appropriations are set at the fund level.

## **Other Information**

### **Certificate of Achievement:**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to cities for its annual comprehensive financial report (ACFR) based on certain criteria. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports. The City submitted and received this award for the ACFR for the fiscal years ended September 30, 2009, September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September 30, 2014, September 30, 2015, September 30, 2016, September 30, 2017, September 30, 2018, September 30, 2019, September 30, 2020, September 30, 2021, September 30, 2022 and will be submitting the ACFR for the fiscal year ended September 30, 2023.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The City is submitting this ACFR for consideration for the Certificate of Achievement for Excellence in Financial Reporting. In addition, the City of Melissa has submitted and received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended September 30, 2023. This is the fifteenth year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation, financial planning and organization. The budget for fiscal year 2024 will be submitted for the Distinguished Budget Award.



### Acknowledgements:

The preparation of this report could not be accomplished without the efficient and dedicated services of the Administrative Department staff and the Finance Department staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation. Acknowledgement is also given to the representatives of Pattillo, Brown, & Hill, LLP, for their assistance in producing the final product.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Jason Little, City Manager

Gail Dansby, Finance Director



**CITY OF MELISSA, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
FISCAL YEAR 2023  
OCTOBER 1, 2022 - SEPTEMBER 30, 2023

**MAYOR**  
JAY NORTHCUT

**MAYOR PRO TEM**  
CRAIG ACKERMAN

**CITY COUNCIL MEMBERS**  
JOSEPH ARMSTRONG  
JENNIFER CLARK  
DANA CONKLIN  
SEAH LEHR  
RENDELL HENDRICKSON

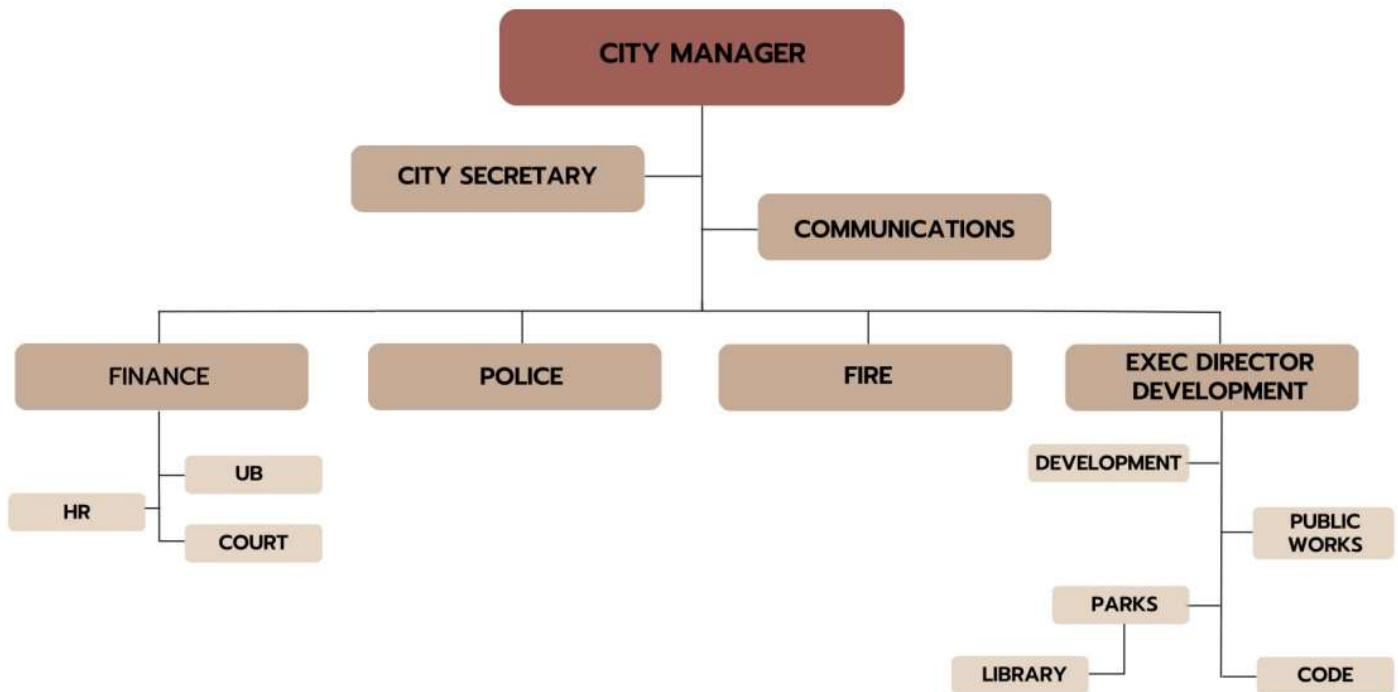
**STAFF**

**City Manager** - Jason Little  
**Finance Director** - Gail Dansby  
**City Secretary** - Hope Cory  
**Executive Director of Development** - Tyler Brewer  
**Human Resources Director** - Mitzi McCabe  
**Police Chief** - Erik Stokes  
**Fire Chief** - Carl Nix  
**Parks Director** - Ron Duzenack  
**City Librarian** - Jennifer Nehls  
**Public Works Director** - Jeff Cartwright  
**Utility Billing/Customer Relations Director** - Chris Thatcher  
**Communications Director** - Bridget Saxton  
**Senior Accountant** - Sheryl Hughes





## FY23 Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Melissa  
Texas**

For its Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended

**September 30, 2022**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Melissa, 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.

#### Emphasis of Matter - Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2023 the City of Melissa, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based IT Arrangements*. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

#### OFFICE LOCATIONS

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

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

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

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

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of the City of Melissa, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Melissa, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Melissa, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
February 27, 2024

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

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## Management's Discussion and Analysis

As management of The City of Melissa, Texas, we offer readers of The City of Melissa's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Melissa exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$198,940,579 (*net position*) compared to \$168,720,477 for the prior year. Of this amount, \$36,678,970 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$30,220,102. The City's operations increased the governmental activities by \$15,827,625 and increased the business-type activities by \$14,392,477. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$82,909,719 at September 30, 2023, an increase of \$14,394,542 from the prior fiscal year; this includes an increase of \$12,240,028 in the general fund, a decrease of \$229,060 in the debt service fund, an increase of \$7,735,315 in the transportation construction fund, a decrease of \$1,124,100 in the park construction fund, a decrease of \$4,413,936 in the facilities construction fund, and an increase of \$186,295 in the nonmajor TIF fund. The decreases are primarily due to spending of bond proceeds and receiving developer fees.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$5,207,837 or 28% of total general fund operating expenditures.
- The City's outstanding debt increased by \$16,228,373 (excluding premiums) from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$131,197,126 including premiums.
- The City's net pension liability totaled \$3,465,288 as of year end.

### Overview of the Financial Statements

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

**Government-wide financial 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, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement 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 culture and recreation, community development, public safety, and public works. The business-type activities of the City include utility operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Melissa Economic Development Corporation and Community 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. The government-wide financial statements can be found immediately following this management's discussion and analysis.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six 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, transportation construction, park construction and facilities construction funds, which are considered to be major funds. Data from the other governmental fund is combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general, debt service, special revenue, and utility funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 15-20 of this report.

*Proprietary funds.* The City maintains one 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 public utilities operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund since it is considered a major fund of the City.

The proprietary fund financial statements can be found on pages 21-24 of this report.

**Component Units.** The City maintains the accounting and financial statements for two component units. The Melissa Community and Economic Development Corporations are discretely presented component units displayed on the government-wide financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-50 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 51-58 of this report.

## 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 Melissa, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$198,940,579 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, \$117,759,224, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), 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.

Below are summaries of the City's Statement of Net Position and Changes in Net Position.

CITY OF MELISSA'S NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 90,967,502	\$ 75,847,688	\$ 25,934,430	\$ 24,966,322	\$ 116,901,932	\$ 100,814,010
Capital assets	<u>133,157,402</u>	<u>113,466,681</u>	<u>95,452,233</u>	<u>84,097,851</u>	<u>228,609,635</u>	<u>197,564,532</u>
Total assets	<u>224,124,904</u>	<u>189,314,369</u>	<u>121,386,663</u>	<u>109,064,173</u>	<u>345,511,567</u>	<u>298,378,542</u>
Deferred outflows of resources	<u>1,865,862</u>	<u>1,062,528</u>	<u>292,412</u>	<u>261,602</u>	<u>2,158,274</u>	<u>1,324,130</u>
Long-term liabilities	11,582,345	10,645,067	4,779,111	5,192,085	16,361,456	15,837,152
Other liabilities	<u>101,662,169</u>	<u>82,482,822</u>	<u>30,462,761</u>	<u>32,001,338</u>	<u>132,124,930</u>	<u>114,484,160</u>
Total liabilities	<u>113,244,514</u>	<u>93,127,889</u>	<u>35,241,872</u>	<u>37,193,423</u>	<u>148,486,386</u>	<u>130,321,312</u>
Deferred inflows of resources	<u>231,137</u>	<u>561,518</u>	<u>11,739</u>	<u>99,365</u>	<u>242,876</u>	<u>660,883</u>
Net position:						
Net investment in capital assets	55,632,168	55,262,104	62,127,056	50,624,458	117,759,224	105,886,562
Restricted	34,859,134	24,613,458	9,643,251	7,506,799	44,502,385	32,120,257
Unrestricted	<u>22,023,813</u>	<u>16,811,928</u>	<u>14,655,157</u>	<u>13,901,730</u>	<u>36,678,970</u>	<u>30,713,658</u>
Total net position	<u>\$ 112,515,115</u>	<u>\$ 96,687,490</u>	<u>\$ 86,425,464</u>	<u>\$ 72,032,987</u>	<u>\$ 198,940,579</u>	<u>\$ 168,720,477</u>

Total current and other assets increased by \$47,133,025 due primarily to an increase in infrastructure additions, as well as governmental activities revenues exceeding expenses. Total capital assets increased by \$30,622,436 due to the investment in several major ongoing capital projects and developer donated infrastructure. Total long-term liabilities decreased by \$524,304 due to debt service payments.

	CHANGES IN NET POSITION					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,298,386	\$ 8,352,232	\$ 16,458,501	\$ 14,512,833	\$ 22,756,887	\$ 22,865,065
Operating grants and contributions	1,223,701	2,301,417	-	-	1,223,701	2,301,417
Capital grants and contributions	10,931,063	34,391,620	10,411,090	38,755,131	21,342,153	73,146,751
General revenues:						
Property taxes	11,495,048	10,297,940	-	-	11,495,048	10,297,940
Sales taxes	4,241,325	3,238,202	-	-	4,241,325	3,238,202
Franchise taxes	903,662	758,113	-	-	903,662	758,113
Investment earnings	3,549,781	414,674	749,338	91,328	4,299,119	506,002
Other revenue	58,960	394,275	-	-	58,960	394,275
Total revenues	<u>38,701,926</u>	<u>60,148,473</u>	<u>27,618,929</u>	<u>53,359,292</u>	<u>66,320,855</u>	<u>113,507,765</u>
Expenses:						
General government	7,923,619	7,853,885	-	-	7,923,619	7,853,885
Public safety	7,801,736	5,777,956	-	-	7,801,736	5,777,956
Streets	2,164,445	2,333,412	-	-	2,164,445	2,333,412
Culture and recreational	2,853,551	2,835,042	-	-	2,853,551	2,835,042
Interest and fiscal charges	2,453,337	2,546,627	1,315,809	898,857	3,769,146	3,445,484
Bond issuance costs	127,453	-	-	-	127,453	-
Water and sewer	-	-	10,258,099	8,932,698	10,258,099	8,932,698
Sanitation	-	-	1,221,346	984,463	1,221,346	984,463
Total expenses	<u>23,324,141</u>	<u>21,346,922</u>	<u>12,795,254</u>	<u>10,816,018</u>	<u>36,119,395</u>	<u>32,162,940</u>
Increase (decrease) in net position						
before transfers and gain on sale of assets	15,377,785	38,801,551	14,823,675	42,543,274	30,201,460	81,344,825
Gain on sale of capital assets	8,393	-	10,249	-	18,642	-
Transfers	441,447	(2,162,371)	(441,447)	2,162,371	-	-
Increase (decrease) in net position	<u>15,827,625</u>	<u>36,639,180</u>	<u>14,392,477</u>	<u>44,705,645</u>	<u>30,220,102</u>	<u>81,344,825</u>
Net position, beginning	96,687,490	53,018,776	72,032,987	18,128,243	168,720,477	71,147,019
Prior period adjustment	-	7,029,534	-	9,199,099	-	16,228,633
Net position, ending	<u>\$ 112,515,115</u>	<u>\$ 96,687,490</u>	<u>\$ 86,425,464</u>	<u>\$ 72,032,987</u>	<u>\$ 198,940,579</u>	<u>\$ 168,720,477</u>

**Governmental activities.** For the year ended September 30, 2023, revenues from governmental activities totaled \$38,701,926. Property tax and charges for services were the City's largest general revenue sources and increased by \$1.2 million due to an increase in property values and growth in the City for both residential and commercial activity. Overall revenue decreased \$21,446,547 or 36% from the prior year. The \$23,460,557 decrease in capital contributions is due to fewer developer projects being completed and accepted by the City in the fiscal year. This also corresponds with a decreased of \$2,053,846 in charges for services from development fees and licenses and permits issued. Operating grants decreased by \$1,077,716 as the City spent a majority of its ARPA funding in prior years. Property tax revenue increased by \$1,197,108 due to an increase in the overall taxable property values of 29% from the preceding year tax roll. Sales tax revenue increased by \$1,003,123 primarily due to additional retail commercial growth and building supply sales in the City. Franchise tax income increased by \$145,549 primarily due to population and service growth within the City. Investment income increased by \$3,135,107 primarily due to the realization of higher interest rates over the course of the year. Other revenue decreased by \$335,315 due to nonrecurring miscellaneous revenue received in the current year.

For the year ended September 30, 2023, expenses for governmental activities totaled \$23,324,141. This represents an increase of \$1,977,219 or 9% from the prior year. The City's largest functional expense is general government totaling \$7,923,619. General government expenses remain comparable to the prior year, but public safety expenses increased by \$2.1 million attributed to construction costs associated with the public safety complex. Street expenses decreased by \$168,967 or 7% primarily due to nonrecurring street maintenance expenditures in the prior year. Culture and recreation expenses increased by \$18,509 or 1% primarily as a result of greater personnel, facilities maintenance, sports facility/park services contract expenses, and annual depreciation expenses. Interest and fiscal charges increased by \$93,290 due to greater bond issuance costs incurred in the current year.

**Business-type activities.** For the year ended September 30, 2023, charges for services by business-type activities totaled \$16,458,501. This is an increase of \$1,945,668 or 13% from the previous year. This increase directly relates to an increase in utility service consumption with the growing customer base in both residential and commercial customers. An annual Water Rate Study is conducted to evaluate the system needs, budget requirements and review the rates.

Total expenses increased \$1,979,236 or 18% to a total of \$12,795,254. This increase is primarily attributed to increased wholesale cost of water and sewer treatment services and growth of the customer base. Water and sewer and interest expenses totaled \$10,258,099 and sanitation totaled \$1,221,346.

## Financial Analysis of the City's Funds

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

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

At September 30, 2023, the City's governmental funds reported combined fund balances of \$82,909,719, an increase of \$14,394,542 in comparison with the prior year. Approximately 6% of this amount, \$5,207,837, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted or committed to indicate that it is 1) not in spendable form \$30,095, 2) assigned \$17,758,705 or 3) restricted for particular purposes \$59,913,082.

As of the end of the year the general fund reflected a total fund balance of \$52,125,826. Of this, \$29,129,189 is considered restricted and \$5,207,837 is unassigned. General fund balance increased by \$12,240,028. This increase can be attributed to increase in sales tax, property taxes, and permitting fees associated with the residential and commercial growth, evidenced by the 29% tax roll increase; impact service fees assessed and collected; and interest earned. Interest revenue increased \$1.95 million year over year, driven primarily by an increase in interest rates from an average of 0.08% in fiscal year 2022 to 3.78% in fiscal year 2023.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$5,207,837 is 28% of total general fund operating expenditures.

The debt service fund had an ending fund balance of \$1,239,039 as of year end. Total fund balance decreased by \$229,060 from the prior year due to debt service payments made in the current year.

The transportation construction fund had an ending fund balance of \$18,568,703 at September 30, 2023, an increase of \$7,735,315 when compared to the previous year. This increase is primarily attributable to the issuance of bonds in the amount of \$13,845,000 in fiscal year 2023, compared to capital expenditures of \$7,477,293.

The park construction fund had an ending fund balance of \$1,807,319 at September 30, 2023, a decrease of \$1,124,100. The decrease is attributable to park construction costs of \$1.1 million in the fiscal year.

The facilities construction fund had an ending fund balance of \$7,563,829 at September 30, 2023, an increase of \$4,413,936. The change in fund balance is attributable to the issuance of bonds in the amount of \$6,500,000 in fiscal year 2023.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's only proprietary fund, the enterprise fund, totaled \$86,425,464. Unrestricted net position at the close of the fiscal year amounted to \$14,655,157 and a total increase in net position of \$14,392,477 from the previous year. Total investment in capital assets, net of related debt of was \$62,127,056, and capital assets, net of depreciation totaled \$93,788,233.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$2,856,546 and increasing total revenues by \$5,960,800. The primary reasons for the budget revision of revenues were due to higher than expected revenue from property taxes, sales taxes, permit revenue, and platting and development. Budgeted expenditures were increased to account for inspections and engineering on new developments; as well as increased administrative and public safety expenses. Total budgeted revenues of \$20,870,995 were less than actual revenues of \$30,367,414, resulting in a total positive revenue variance of \$9,496,419. The majority of this variance is a result of road impact fees and park development fees not being included in the budget. In addition, actual intergovernmental and other revenues were significantly more than the budgeted amounts. Total budgeted expenditures of \$18,344,000 were less than actual expenditures of \$18,605,520, resulting in a total negative expenditure variance of \$261,520. This negative variance is primarily a result of capital outlay expenditures not being appropriated.

### Capital Assets

As of the end of the year, the City's governmental activities funds had invested \$133,157,402 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$93,788,233 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset events during the current year include the following (spent to date):

HS Collector Roads	\$6.2 million
Downtown Roads	\$163 thousand
Melissa Road West	\$520 thousand
Utility Relocation Project	\$6.0 million
Cardinal/Highland Rds	\$4.2 million
Phase IV Zplex	\$6.1 million
Public Safety Complex	\$12.2 million
Parks & Public Works Facilities Renovation	\$548 thousand

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 35-36.

#### CITY OF MELISSA'S CAPITAL ASSETS (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,568,970	\$ 5,442,888	\$ 1,482,636	\$ 1,998,736	\$ 7,051,606	\$ 7,441,624
Construction in progress	43,495,566	24,798,655	7,154,318	12,557,608	50,649,884	37,356,263
Buildings and improvements	9,382,952	9,897,493	84,501,347	68,100,219	93,884,299	77,997,712
Equipment	2,059,499	1,809,694	204,614	87,807	2,264,113	1,897,501
Infrastructure	71,692,406	71,109,656	-	-	71,692,406	71,109,656
Right to use equipment	605,159	408,295	445,318	112,148	1,050,477	520,443
SBITA	352,850	-	-	-	352,850	-
Total	<u>\$ 133,157,402</u>	<u>\$ 113,466,681</u>	<u>\$ 93,788,233</u>	<u>\$ 82,856,518</u>	<u>\$ 226,945,635</u>	<u>\$ 196,323,199</u>

### Long-Term Debt

The City's long-term debt obligations increased by \$16,524,800 (excluding premiums) from the prior year. The total bonds, leases, SBITAs, financing arrangements, and certificates of obligation payable at the close of the fiscal year were \$133,929,025, including premiums.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in the notes to the financial statements on pages 37-41.



	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 17,325,000	\$ 18,795,000	\$ 1,495,000	\$ 1,725,000	\$ 18,820,000	\$ 20,520,000
Certificates of obligation	76,015,000	57,595,000	23,070,000	24,105,000	99,085,000	81,700,000
Contract revenue bonds	-	-	4,987,500	5,367,500	4,987,500	5,367,500
Bond premiums	6,563,415	6,158,398	1,741,211	1,849,801	8,304,626	8,008,199
Financing arrangements	1,689,874	1,288,365	-	-	1,689,874	1,288,365
Leases	585,737	408,005	456,288	112,156	1,042,025	520,161
SBITAs payable	263,383	-	-	-	263,383	-
Total	<u>\$ 102,179,026</u>	<u>\$ 84,244,768</u>	<u>\$31,749,999</u>	<u>\$ 33,159,457</u>	<u>\$ 133,929,025</u>	<u>\$ 117,404,225</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget document for Fiscal Year 2023 (FY23) was submitted to the Government Finance Officers Association of America (GFOA) Distinguished Budget Award committee, and the City was awarded its Distinguished Budget Award for the fifteenth consecutive year. Comments submitted by the GFOA reviewers on items for improvement were addressed, and the budget document will be submitted for the FY 2024 award. The goal of the Distinguished Budget Award program is to evaluate the budget document in the context of it serving as a policy guide, operations guide, financial plan, and communication document. These focus areas are intended to ensure the budget provides expanded information to anyone who reads the document, and at the same time, provides for a meaningful feedback tool to the departments and organization on how they are doing in the budget process as well.

The property tax revenue estimated for the Fiscal Year 2024 (FY24) budget is based on an ad valorem tax rate of \$0.454728, a slight reduction from the previous tax rate of \$0.00144 from FY23.

The FY24 assessed property value of the City of Melissa is approximately \$3.145 billion, an overall increase of \$703 million from the preceding year. The top ten taxpayers for 2023 make up only 4.88% of the \$3.145 billion taxable appraised value compared to 4.80% in 2014.

Sales Tax is the second largest source of revenue to the City's General Fund, totaling \$3,500,000 or 19% of total revenues.

The City Council remains committed to conduct an annual water rate study to ensure the rate structure pays for the debt and maintenance and operation of the water and wastewater systems. This planning effort is imperative in a community where investments in water and wastewater systems are critical to sustain the growth it is experiencing. The City purchases surface water from the North Texas Municipal Water District (NTMWD) and supplements its water supply with minimal well water. The NTMWD delivers water to the City and treats its wastewater as well. Current wholesale rates increased 12-13% by NTMWD. Over the past three years, the City has been able to absorb the wholesale increases from NTMWD largely due to the growth in utility customers. This year's wholesale increases for water and wastewater, along with the City's implementation of the East Water Facility, will not allow for the absorption of wholesales rates in FY24. The rates will be reviewed again next year.

Capital Improvement Planning projects and expenditures are captured in the Transportation Construction Fund and the Utility Construction Fund respectfully. The ten-year planning program for the City's Transportation, Water and Wastewater Capital Improvement Program will anticipate, plan, and construct the necessary improvements for the roadway system, water, and wastewater system.

All these factors were considered in preparing the City of Melissa's FY24 budget.

The City of Melissa is committed to increasing the contingency or General Fund balance to defray unforeseen budget shortfalls. The Council adopted financial policy goal of at least 90 days of operating expenses for the City's General Fund. The fund balance ended at 90 days at 9/30/23. The FY 24 budget provides for an approximate increase of \$400,000 in the General Fund balance to remain at the 90 day benchmark.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3411 Barker Avenue Melissa, Texas 75454.

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**BASIC  
FINANCIAL STATEMENTS**

**CITY OF MELISSA, TEXAS**

**STATEMENT OF NET POSTION**

**SEPTEMBER 30, 2023**

	Governmental Activities	Business-type Activities	Totals	Component Units	
				Community Development	Economic Development
<b>ASSETS</b>					
Cash and cash equivalents	\$ 88,781,748	\$ 20,393,673	\$ 109,175,421	\$ 2,075,985	\$ 4,367,834
Receivables (net of allowance for uncollectibles):	2,193,995	2,469,321	4,663,316	466,053	466,053
Contribution receivable	-	277,333	277,333	-	-
Internal balances	(38,336)	38,336	-	-	-
Prepaid items and other	30,095	2,755,767	2,785,862	-	-
Total current assets	<u>90,967,502</u>	<u>25,934,430</u>	<u>116,901,932</u>	<u>2,542,038</u>	<u>4,833,887</u>
Contribution receivable, noncurrent	-	1,664,000	1,664,000	-	-
Capital assets:					
Nondepreciable	49,064,536	8,636,954	57,701,490	16,166	129,076
Depreciable, net of accumulated depreciation	<u>84,092,866</u>	<u>85,151,279</u>	<u>169,244,145</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>133,157,402</u>	<u>95,452,233</u>	<u>228,609,635</u>	<u>16,166</u>	<u>129,076</u>
Total assets	<u>224,124,904</u>	<u>121,386,663</u>	<u>345,511,567</u>	<u>2,558,204</u>	<u>4,962,963</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	223,214	32,085	255,299	-	-
Deferred outflow related to pensions	1,613,927	255,775	1,869,702	-	-
Deferred outflow related to OPEB	<u>28,721</u>	<u>4,552</u>	<u>33,273</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>1,865,862</u>	<u>292,412</u>	<u>2,158,274</u>	<u>-</u>	<u>-</u>

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

**CITY OF MELISSA, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2022**

	Governmental Activities	Business-type Activities	Totals	Component Units	
				Community Development	Economic Development
<b>LIABILITIES</b>					
Accounts payable	\$ 6,703,804	\$ 1,342,539	\$ 8,046,343	\$ -	\$ -
Accrued liabilities	131,212	21,294	152,506	-	-
Customer deposits	-	1,388,382	1,388,382	-	-
Unearned revenue	250,000	-	250,000	-	-
Accrued interest	359,987	219,897	579,884	-	-
Noncurrent liabilities:					
Due within one year:					
Long-term debt	4,137,342	1,806,999	5,944,341	-	-
Due in more than one year:					
Long-term debt	98,590,420	29,975,950	128,566,370	-	-
Net pension liability	2,991,237	474,051	3,465,288	-	-
Total OPEB liability	80,512	12,760	93,272	-	-
Total liabilities	<u>113,244,514</u>	<u>35,241,872</u>	<u>148,486,386</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow related to leases	157,063	-	157,063	-	-
Deferred inflow related to pensions	11,215	1,777	12,992	-	-
Deferred inflow related to OPEB	<u>62,859</u>	<u>9,962</u>	<u>72,821</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>231,137</u>	<u>11,739</u>	<u>242,876</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	55,632,168	62,127,056	117,759,224	16,166	129,076
Restricted for:					
Municipal court	125,684	-	125,684	-	-
Debt service	2,484,055	-	2,484,055	-	-
Capital projects	32,211,159	9,643,251	41,854,410	-	-
PEG fees	38,236	-	38,236	-	-
Community development	-	-	-	2,542,038	-
Economic development	-	-	-	-	4,833,887
Unrestricted	<u>22,023,813</u>	<u>14,655,157</u>	<u>36,678,970</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 112,515,115</u>	<u>\$ 86,425,464</u>	<u>\$ 198,940,579</u>	<u>\$ 2,558,204</u>	<u>\$ 4,962,963</u>

**CITY OF MELISSA, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,923,619	\$ 5,357,913	\$ 464,828	\$ 682,575
Public safety	7,801,736	752,712	92,989	-
Culture and recreation	2,853,551	187,761	528,491	4,029,800
Public works	2,164,445	-	137,393	6,218,688
Interest and fiscal charges	2,453,337	-	-	-
Bond issuance cost	127,453	-	-	-
Total governmental activities	<u>23,324,141</u>	<u>6,298,386</u>	<u>1,223,701</u>	<u>10,931,063</u>
Business-type activities:				
Water and sewer	11,573,908	15,077,133	-	10,411,090
Sanitation	1,221,346	1,381,368	-	-
Total business-type activities	<u>12,795,254</u>	<u>16,458,501</u>	<u>-</u>	<u>10,411,090</u>
Total primary government	<u>\$ 36,119,395</u>	<u>\$ 22,756,887</u>	<u>\$ 1,223,701</u>	<u>\$ 21,342,153</u>
Component units:				
Community development	\$ 1,073,296	\$ -	\$ -	\$ -
Economic development	786,437	-	-	-
Total Component Units	<u>\$ 1,859,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

    Property tax

    Sales tax

    Franchise and local tax

    Investment earnings

    Miscellaneous

Gain on sale of assets

Transfers

    Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Community Development	Economic Development
\$ (1,418,303)	\$ -	\$ (1,418,303)	\$ -	\$ -
(6,956,035)	-	(6,956,035)	-	-
1,892,501	-	1,892,501	-	-
4,191,636	-	4,191,636	-	-
(2,453,337)	-	(2,453,337)	-	-
(127,453)	-	(127,453)	-	-
(4,870,991)	-	(4,870,991)	-	-
-	13,914,315	13,914,315	-	-
-	160,022	160,022	-	-
-	14,074,337	14,074,337	-	-
\$ (4,870,991)	\$ 14,074,337	\$ 9,203,346	\$ -	\$ -
			\$ (1,073,296)	\$ -
			-	(786,437)
			(1,073,296)	(786,437)
11,495,048	-	11,495,048	-	-
4,241,325	-	4,241,325	2,117,377	2,117,377
903,662	-	903,662	-	-
3,549,781	749,338	4,299,119	58,629	154,585
58,960	-	58,960	-	-
8,393	10,249	18,642	-	-
441,447	(441,447)	-	-	-
20,698,616	318,140	21,016,756	2,176,006	2,271,962
15,827,625	14,392,477	30,220,102	1,102,710	1,485,525
96,687,490	72,032,987	168,720,477	1,455,494	3,477,438
\$ 112,515,115	\$ 86,425,464	\$ 198,940,579	\$ 2,558,204	\$ 4,962,963

**CITY OF MELISSA, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2023

	General	Debt Service	Transportation Construction
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,718,950	\$ 1,787,376	\$ 20,094,779
Receivables, net	2,193,995	-	-
Due from other funds	546,337	-	-
Prepaid items	30,095	-	-
Total assets	<u>56,489,377</u>	<u>1,787,376</u>	<u>20,094,779</u>
<b>LIABILITIES</b>			
Accounts payable	2,971,236	2,000	1,526,076
Accrued liabilities	131,212	-	-
Unearned revenue	250,000	-	-
Due to other funds	38,336	546,337	-
Total liabilities	<u>3,390,784</u>	<u>548,337</u>	<u>1,526,076</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	157,063	-	-
Unavailable property taxes	125,038	-	-
Unavailable court fines	690,666	-	-
Total deferred inflows of resources	<u>972,767</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepays	30,095	-	-
Restricted:			
Municipal court	125,684	-	-
Debt service	-	1,239,039	-
Capital projects	28,965,269	-	18,568,703
PEG fees	38,236	-	-
Assigned	17,758,705	-	-
Unassigned	5,207,837	-	-
Total fund balances	<u>52,125,826</u>	<u>1,239,039</u>	<u>18,568,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,489,377</u>	<u>\$ 1,787,376</u>	<u>\$ 20,094,779</u>

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



Park Construction	Facilities Construction	Nonmajor TIF Fund	Total Governmental Funds
\$ 1,883,287	\$ 9,692,353	\$ 1,605,003	\$ 88,781,748
-	-	-	2,193,995
-	-	-	546,337
-	-	-	30,095
<u>1,883,287</u>	<u>9,692,353</u>	<u>1,605,003</u>	<u>91,552,175</u>
75,968	2,128,524	-	6,703,804
-	-	-	131,212
-	-	-	250,000
-	-	-	584,673
<u>75,968</u>	<u>2,128,524</u>	<u>-</u>	<u>7,669,689</u>
-	-	-	157,063
-	-	-	125,038
-	-	-	690,666
<u>-</u>	<u>-</u>	<u>-</u>	<u>972,767</u>
-	-	-	30,095
-	-	-	125,684
-	-	1,605,003	2,844,042
1,807,319	7,563,829	-	56,905,120
-	-	-	38,236
-	-	-	17,758,705
-	-	-	5,207,837
<u>1,807,319</u>	<u>7,563,829</u>	<u>1,605,003</u>	<u>82,909,719</u>
<u>\$ 1,883,287</u>	<u>\$ 9,692,353</u>	<u>\$ 1,605,003</u>	<u>\$ 91,552,175</u>

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**CITY OF MELISSA, TEXAS**

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

SEPTEMBER 30, 2023

Total fund balances - governmental funds balance sheet \$ 82,909,719

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 133,157,402

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

Property taxes 125,038  
Court fines 690,666

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related 1,613,927  
Deferred outflows - OPEB related 28,721  
Deferred inflows - pension related (11,215)  
Deferred inflows - OPEB related (62,859)

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Net pension liability (2,991,237)  
OPEB liability (80,512)  
General obligation bonds (17,325,000)  
Certificates of obligation (76,015,000)  
Financing arrangements (1,689,874)  
Accrued interest (359,987)  
Leases (585,737)  
SBITA (263,383)  
Compensated absences (285,353)

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

Deferred amount on refunding 223,214  
Premium on bonds (6,563,415)

Net position of governmental activities \$ 112,515,115

**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General	Debt Service	Transportation Construction
<b>REVENUES</b>			
Property taxes	\$ 7,850,066	\$ 2,161,199	\$ -
Sales taxes	4,241,325	-	-
Franchise taxes	903,662	-	-
Road impact fees	4,484,316	-	-
Park development fees	3,914,075	-	-
License and permits	3,506,507	-	-
Charges for services	187,761	-	-
Fines and forfeitures	618,256	-	-
Platting and development	1,742,595	-	-
Intergovernmental	598,102	1,435,474	-
Lease	97,886	-	-
Investment earnings	2,163,903	70,239	712,608
Miscellaneous	58,960	-	-
Total revenues	<u>30,367,414</u>	<u>3,666,912</u>	<u>712,608</u>
<b>EXPENDITURES</b>			
Current:			
General government	7,410,791	-	-
Public safety	7,193,256	-	-
Culture and recreation	1,567,609	-	-
Public works	974,358	-	-
Capital outlay	905,337	-	7,477,293
Debt service:			
Principal	513,536	3,395,000	-
Interest and fiscal charges	40,633	2,704,597	-
Bond issuance cost	-	-	127,453
Total expenditures	<u>18,605,520</u>	<u>6,099,597</u>	<u>7,604,746</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,761,894</u>	<u>(2,432,685)</u>	<u>(6,892,138)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	8,393	-	-
Issuance of debt	-	-	13,845,000
Issuance of premium	-	-	782,453
Issuance of lease	367,838	-	-
Issuance of financing arrangement	580,000	-	-
Transfers in	441,447	2,203,625	-
Transfers out	(919,544)	-	-
Total other financing sources and uses	<u>478,134</u>	<u>2,203,625</u>	<u>14,627,453</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>12,240,028</u>	<u>(229,060)</u>	<u>7,735,315</u>
<b>FUND BALANCES, BEGINNING</b>	<u>39,885,798</u>	<u>1,468,099</u>	<u>10,833,388</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 52,125,826</u>	<u>\$ 1,239,039</u>	<u>\$ 18,568,703</u>

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

Park Construction	Facilities Construction	Nonmajor TIF Fund	Total Governmental Funds
\$ -	\$ -	\$ 1,416,219	\$ 11,427,484
-	-	-	4,241,325
-	-	-	903,662
-	-	-	4,484,316
-	-	-	3,914,075
-	-	-	3,506,507
-	-	-	187,761
-	-	-	618,256
-	-	-	1,742,595
-	891,409	-	2,924,985
-	-	-	97,886
73,360	475,514	54,157	3,549,781
-	-	-	58,960
<u>73,360</u>	<u>1,366,923</u>	<u>1,470,376</u>	<u>37,657,593</u>
-	-	-	7,410,791
243	-	-	7,193,499
-	-	-	1,567,609
-	-	-	974,358
1,197,217	12,280,859	-	21,860,706
-	-	-	3,908,536
-	-	-	2,745,230
-	-	-	127,453
<u>1,197,460</u>	<u>12,280,859</u>	<u>-</u>	<u>45,788,182</u>
<u>(1,124,100)</u>	<u>(10,913,936)</u>	<u>1,470,376</u>	<u>(8,130,589)</u>
-	-	-	8,393
-	6,500,000	-	20,345,000
-	-	-	782,453
-	-	-	367,838
-	-	-	580,000
-	-	-	2,645,072
-	-	(1,284,081)	(2,203,625)
-	6,500,000	(1,284,081)	22,525,131
<u>(1,124,100)</u>	<u>(4,413,936)</u>	<u>186,295</u>	<u>14,394,542</u>
<u>2,931,419</u>	<u>11,977,765</u>	<u>1,418,708</u>	<u>68,515,177</u>
<u>\$ 1,807,319</u>	<u>\$ 7,563,829</u>	<u>\$ 1,605,003</u>	<u>\$ 82,909,719</u>

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**CITY OF MELISSA, TEXAS**

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

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

Amounts reported for governmental activities in the Statement of Activities are different

Net change in fund balances - total governmental funds: \$ 14,394,542

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	22,142,744
Depreciation	(3,735,234)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Donation of capital assets	842,963
Disposals of capital assets	31,926

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

Property taxes	67,564
Court fines	133,806

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities.

Principal payments	3,908,536
Long-term debt issuance	(22,075,291)

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

Compensated absences	(47,806)
Accrued interest	(11,138)
Net pension liability	(111,033)
Total OPEB liability	(16,985)
Amortization of deferred charges on refunding	(74,405)
Amortization of bond premium	377,436

Change in net position of governmental activities \$ 15,827,625

**CITY OF MELISSA, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUND

SEPTEMBER 30, 2023

	Utility Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 20,393,673
Receivables, net	2,469,321
Contribution receivable, current	277,333
Due from other funds	38,336
Prepaid items	<u>2,755,767</u>
Total current assets	<u>25,934,430</u>
Noncurrent assets	
Contribution receivable, noncurrent	1,664,000
Capital assets:	
Nondepreciable	8,636,954
Depreciable, net of accumulated depreciation	<u>85,151,279</u>
Total noncurrent assets	<u>95,452,233</u>
Total assets	<u>121,386,663</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	32,085
Deferred outflow related to pensions	255,775
Deferred outflow related to OPEBs	<u>4,552</u>
Total deferred outflows of resources	<u>292,412</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,342,539
Accrued liabilities	21,294
Customer deposits	1,388,382
Accrued interest	219,897
Compensated absences, current	8,238
Leases, current	106,261
Bonds payable, current	<u>1,692,500</u>
Total current liabilities	<u>4,779,111</u>
Noncurrent liabilities:	
Compensated absences	24,712
Leases	350,027
Bonds payable	29,601,211
Net pension liability	474,051
OPEB liability	<u>12,760</u>
Total noncurrent liabilities	<u>30,462,761</u>
Total liabilities	<u>35,241,872</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow related to pensions	1,777
Deferred inflow related to OPEB	<u>9,962</u>
Total deferred inflows of resources	<u>11,739</u>
<b>NET POSITION</b>	
Net investment in capital assets	62,127,056
Restricted for capital projects	9,643,251
Unrestricted	<u>14,655,157</u>
Total net position	<u>\$ 86,425,464</u>

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



**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenue	\$ 8,568,225
Sanitation revenue	1,381,368
Sewer revenue	5,745,404
Meter installations	365,669
Reconnect fees	205,601
Other	192,234
Total operating revenues	<u>16,458,501</u>
<b>OPERATING EXPENSES</b>	
Personnel services	1,040,573
Materials and supplies	5,375,933
Contractual services	3,286,545
Depreciation	1,776,394
Total operating expenses	<u>11,479,445</u>
<b>OPERATING INCOME</b>	<u>4,979,056</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenues	214,910
Investment earnings	749,338
Interest expense	(1,315,809)
Gain on sale of assets	10,249
Total nonoperating revenues (expenses)	<u>(341,312)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>4,637,744</u>
Capital contributions - capital assets	6,852,575
Capital contributions - developer contributions	229,112
Capital contributions - impact fees	3,114,493
Transfers out	<u>(441,447)</u>
<b>CHANGE IN NET POSITION</b>	14,392,477
<b>NET POSITION, BEGINNING</b>	<u>72,032,987</u>
<b>NET POSITION, ENDING</b>	<u>\$ 86,425,464</u>

**CITY OF MELISSA, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Utility Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 16,231,623
Cash paid to employees	(1,182,451)
Cash paid to suppliers and service providers	<u>(10,931,684)</u>
Net cash provided by operating activities	<u>4,117,488</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from other funds	(63,218)
Transfers paid to other funds	<u>(441,447)</u>
Net cash provided by noncapital financing activities	<u>(504,665)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(6,343,678)
Capital contributions	3,857,182
Principal payment on long-term debt	(1,842,270)
Interest paid on long-term debt	(1,305,114)
Proceeds from sale of assets	<u>10,249</u>
Net cash provided (used) by capital and related financing activities	<u>(5,623,631)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>750,029</u>
Net cash provided by investing activities	<u>750,029</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,260,779)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>21,654,452</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 20,393,673</u>

**CITY OF MELISSA, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Utility Fund</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 4,979,056
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,776,394
(Increase) decrease in:	
Accounts receivable	(455,036)
Prepays	(1,732,658)
Deferred outflows	(41,505)
Increase (decrease) in:	
Accounts payable	(536,548)
Accrued liabilities	5,340
Customer deposits	228,158
Compensated absences	7,957
Net pension liability	(6,376)
Total OPEB liability	(19,668)
Deferred inflows	(87,626)
Net cash provided by operating activities	<u>\$ 4,117,488</u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Contributions of capital assets	\$ 6,852,575
Right to use equipment on account	432,812

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## CITY OF MELISSA, TEXAS

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Melissa, Texas is a municipal corporation governed by an elected six-member council and mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a September 30 year end.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

##### Discretely Presented Component Units

###### Melissa Industrial and Economic Development Corporation

The Melissa Economic Development Corporation (the "MIEDC") serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can remove appointed board members at will. The scope of public service of the MIEDC benefits the City and its citizens by developing economic resources and is operated primarily within the geographic boundaries of the City. The Board is not substantially the same as the City Council, and therefore, is discretely presented.

###### Melissa Community and Economic Development Corporation

The Melissa Community Development Corporation (the "MCEDC") serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can remove appointed board members at will. The scope of public service of the MCEDC benefits the City and its citizens by developing recreational resources and is operated primarily within the geographic boundaries of the City. The Board is not substantially the same as the City Council, and therefore, is discretely presented.

The MIEDC and MCEDC do not prepare separate financial statements; however, the presentations in the basic financial statements and the other supplementary information are a complete presentation.

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *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.

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.

As discussed earlier, the government has two discretely presented component units and are 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 in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the City's funds. 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 City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, sales and franchise taxes, road impact fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and culture and recreation.

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

The transportation construction fund is a capital projects fund for the acquisition of capital assets or construction of roads projects financed with restricted resources.

The park construction fund is a capital projects fund for the acquisition of capital assets or construction of major capital park projects financed by restricted resources.

The facilities construction fund is a capital projects fund for the acquisition of assets or construction of public facilities financed by restricted resources.

The City reports the following major proprietary fund:

The utility fund is a proprietary fund used to account for those operations that are financed and operated in a manner similar to private business or where the council had decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The City's utility fund is for water, sewer, and sanitation operations.

Additionally, the government reports the following fund types:

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. This consist of the tax increment fund.

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 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.

### **C. 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 and proprietary funds are reported using the economic resources measurement focus and the full 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 capital 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.

### **E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance**

#### **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.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

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

## 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."

Advances between funds are offset by a nonspendable fund balance 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.

## Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are valued at the lower of cost or market 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.

## Capital Assets

Capital assets, which include property, plant, equipment, right to use assets, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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	Years
Vehicles	5
Machinery and equipment	5-10
Infrastructure	40
Buildings and improvements	40
Right to use equipment	5
SBITAs	2-5



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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: deferred charges on refunding and deferred outflow related to pensions and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to retiree benefit plans represents the City's share of the unrecognized plan deferred outflow of resources which the retiree benefit plans use in calculating the ending net pension liability.

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 has only one type of item, 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also recognizes their share of the unrecognized retiree benefit plan deferred inflows of resources which the retiree benefit plan uses in calculating the ending net pension and OPEB liabilities. Lastly, the City recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

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

## **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.

## **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 government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of operating expenditures of that fund.

### **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 expected to be financed 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 and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

### **Leases**

The City has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

**Lessee.** The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor.** The City is a lessor in an arrangement allowing the placement of a cellular tower on City property. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

### **Subscription-Based IT Arrangements**

The City is a lessee for noncancellable subscription-based IT arrangements (SBITAs). The City recognizes a liability and an intangible right-to-use assets in the government-wide financial statements.

At the commencement of a SBITA, the City initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

These right to use assets are reported with other capital assets and liabilities are reported with long term debt on the statement of net position.

### **Pensions**

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

### **Other Postemployment Benefits ("OPEB")**

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

## **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.

## **D. Revenues and Expenditures/Expenses**

### **Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### **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. 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.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Williamson County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment rations. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

### **Compensated Absences**

The City's policies permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City.

All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. 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.

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.

### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

### **Change in Accounting Principle**

GASB Statement No. 96, *Subscription-Based IT Arrangements*, was adopted effective October 1, 2022. The statement addresses accounting and financial reporting for SBITA contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITAs in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of the beginning fund balance or net position, but assets, liabilities and deferred inflows were recognized, and more extensive note disclosures were required.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Expenditures Over Appropriations**

For the year ended September 30, 2023, the general fund's total expenditures exceeded appropriations at the legal level of control by \$261,520. These overages were funded with more than anticipated revenue and assigned fund balance.

## **III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

### **DEPOSITS AND INVESTMENTS**

The primary government and its component units may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act.

*Interest rate risk:* This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the City's investment in external investment pools is less than 60 days.

*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 AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2023, the City did not maintain funds in any investment pools.

*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, 2023, 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 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.

## RECEIVABLES

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

	General	Utility Fund	Totals
Property tax	\$ 142,644	\$ -	\$ 142,644
Sales tax	932,079	-	932,079
Franchise tax	225,721	-	225,721
Court fines	3,453,328	-	3,453,328
Lease	157,625	-	157,625
Other	45,260	1,125	46,385
Customer accounts	-	2,812,645	2,812,645
Allowance	(2,762,662)	(344,449)	(3,107,111)
Totals	<u>\$ 2,193,995</u>	<u>\$ 2,469,321</u>	<u>\$ 4,663,316</u>

The following comprise receivable balances of the component units at year end:

	Community Development	Economic Development	Total
Sales tax	\$ 466,053	\$ 466,053	\$ 932,106

**Lease receivable** - On July 1, 2016, an agreement as lessor for the placement of cellular tower on the City's property by a telecommunications company was renewed. The lessee is required to make monthly fixed payments of \$4,830, and the City recognized lease revenue of \$57,114 during the fiscal year. As of year end the lessee has 3 extension options, each for 60 months remaining.

**Contribution receivable** - In May 2016, the City entered into an Interlocal Agreement with North Texas Municipal Water District ("NTMWD"). The City and NTMWD determined a mutual need for the construction of a sanitary sewer line to serve the Stiff Creek basin. NTMWD owns and operates the 121 Regional Disposal Landfill Facility and would like to dispose of discharge by connecting the landfill to the Stiff Creek Sewer line. The agreement stipulates a contribution to the City by NTMWD to offset a portion of the City's capital costs. The City is responsible for the design, construction and maintenance of the sewer line. Upon completion of the project and once the sewer line can service the landfill, the City is responsible to notify the NTMWD, which initiates the capital contribution. Upon completion and notification, the NTMWD is obligated to make payments bi-annually on the last day of June and December, in accordance with the following payment schedule. As of September 30, 2023, the utility fund recorded a contribution receivable balance of \$1,941,333 on the statement of net position.

Fiscal Year	Amount
2024	\$ 277,333
2025	256,000
2026	234,667
2027	213,333
2028	192,000
2029-2033	640,000
2034-2036	128,000
	<u>\$ 1,941,333</u>

## INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2023, is as follows:

Due from other funds	Due to other funds	Amount
Debt service	General	\$ 546,337
General	Utility fund	<u>38,336</u>
Total		<u>\$ 584,673</u>

Interfund receivables and payables generally arise from short-term cash advances between different funds with balances being repaid generally within one year.

Interfund transfers for the year ended September 30, 2023, are as follows:

Transfer To	Transfer From	Amount	Purpose
General	Utility fund	\$ 441,447	Payment in lieu of taxes
Debt Service	TIF fund	1,284,081	Debt service
Debt Service	General	<u>919,544</u>	Debt service
Total		<u>\$ 2,645,072</u>	

## CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 5,442,888	\$ 126,082	\$ -	\$ -	\$ 5,568,970
Construction in progress	<u>24,798,655</u>	<u>20,945,133</u>	-	<u>(2,248,222)</u>	<u>43,495,566</u>
Total assets not being depreciated	<u>30,241,543</u>	<u>21,071,215</u>	-	<u>(2,248,222)</u>	<u>49,064,536</u>
Capital assets, being depreciated:					
Building and improvements	15,570,683	-	-	-	15,570,683
Equipment	4,104,521	676,584	-	-	4,781,105
Infrastructure	84,056,265	842,963	-	2,248,222	87,147,450
Right to use vehicles	548,010	394,945	39,567	-	903,388
SBITA	<u>463,842</u>	-	-	-	<u>463,842</u>
Total capital assets being depreciated	<u>104,743,321</u>	<u>1,914,492</u>	<u>39,567</u>	<u>2,248,222</u>	<u>108,866,468</u>
Less accumulated depreciation:					
Building and improvements	(5,673,190)	(514,541)	-	-	(6,187,731)
Equipment	(2,294,827)	(426,779)	-	-	(2,721,606)
Infrastructure	(12,946,609)	(2,508,435)	-	-	(15,455,044)
Right to use vehicles	(139,715)	(174,487)	15,973	-	(298,229)
SBITA	-	<u>(110,992)</u>	-	-	<u>(110,992)</u>
Total accumulated depreciation	<u>(21,054,341)</u>	<u>(3,735,234)</u>	<u>15,973</u>	-	<u>(24,773,602)</u>
Total capital assets being depreciated, net	<u>83,688,980</u>	<u>(1,820,742)</u>	<u>55,540</u>	<u>2,248,222</u>	<u>84,092,866</u>
Governmental activities capital assets, net	<u>\$ 113,930,523</u>	<u>\$ 19,250,473</u>	<u>\$ 55,540</u>	<u>\$ -</u>	<u>\$ 133,157,402</u>

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 497,701
Public safety	549,678
Culture and recreation	1,458,543
Public works	<u>1,229,312</u>
Total depreciation expense - governmental activities	<u>\$ 3,735,234</u>

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Culture and recreation	1,458,543
Public works	<u>1,229,312</u>
Total depreciation expense - governmental activities	<u>\$ 3,735,234</u>

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

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,298,736	\$ -	\$ -	\$ 183,900	\$ 1,482,636
Construction in progress	<u>12,557,608</u>	<u>5,359,553</u>	<u>(414,268)</u>	<u>(10,348,575)</u>	<u>7,154,318</u>
Total assets not being depreciated	<u>13,856,344</u>	<u>5,359,553</u>	<u>(414,268)</u>	<u>(10,164,675)</u>	<u>8,636,954</u>
Capital assets, being depreciated:					
Building and system	76,838,549	7,882,845	-	10,164,675	94,886,069
Equipment	663,890	179,566	(42,694)	-	800,762
Right to use vehicles	<u>153,881</u>	<u>434,554</u>	<u>(57,059)</u>	<u>-</u>	<u>531,376</u>
Total capital assets being depreciated	<u>77,656,320</u>	<u>8,496,965</u>	<u>(99,753)</u>	<u>10,164,675</u>	<u>96,218,207</u>
Less accumulated depreciation:					
Building and system	(8,738,330)	(1,646,392)	-	-	(10,384,722)
Equipment	(576,083)	(62,759)	42,694	-	(596,148)
Right to use vehicles	<u>(41,733)</u>	<u>(67,243)</u>	<u>22,918</u>	<u>-</u>	<u>(86,058)</u>
Total accumulated depreciation	<u>(9,356,146)</u>	<u>(1,776,394)</u>	<u>65,612</u>	<u>-</u>	<u>(11,066,928)</u>
Total capital assets being depreciated, net	<u>68,300,174</u>	<u>6,720,571</u>	<u>(34,141)</u>	<u>10,164,675</u>	<u>85,151,279</u>
Business-type activities capital assets, net	<u>\$ 82,156,518</u>	<u>\$ 12,080,124</u>	<u>\$ (448,409)</u>	<u>\$ -</u>	<u>\$ 93,788,233</u>

Depreciation was charged to business-type activities as follows:

Business-type activities:	
Water and sewer	<u>\$ 1,776,394</u>
Total depreciation expense - business-type activities	<u>\$ 1,776,394</u>

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

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
<b>Component-Unit activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 129,076	\$ -	\$ -	\$ -	\$ 129,076
Construction in progress	<u>16,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,166</u>
Total assets not being depreciated	<u>\$ 145,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,242</u>



## LONG-TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended September 30, 2023 are as follows:

	Balance 10/1/22	Additions	Reductions	Balance 9/30/23	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 18,795,000	\$ -	\$ 1,470,000	\$ 17,325,000	\$ 1,515,000
Certificates of obligation	57,595,000	20,345,000	1,925,000	76,015,000	2,115,000
Bond premiums	6,158,398	782,453	377,436	6,563,415	-
Financing arrangements	1,288,365	580,000	178,491	1,689,874	174,563
Leases	408,005	367,838	190,106	585,737	174,407
SBITA	408,322	-	144,939	263,383	87,034
Compensated absences	237,575	79,759	31,981	285,353	71,338
Total Governmental Activities	<u>\$ 84,890,665</u>	<u>\$ 22,155,050</u>	<u>\$ 4,317,953</u>	<u>\$ 102,727,762</u>	<u>\$ 4,137,342</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 1,725,000	\$ -	\$ 230,000	\$ 1,495,000	\$ 235,000
Certificates of obligation	24,105,000	-	1,035,000	23,070,000	1,065,000
Contract revenue bonds	5,367,500	-	380,000	4,987,500	392,500
Bond premiums	1,849,801	-	108,590	1,741,211	-
Leases	112,156	432,812	88,680	456,288	106,261
Compensated absences	24,993	8,682	725	32,950	8,238
Total Business-type Activities	<u>33,184,450</u>	<u>441,494</u>	<u>1,842,995</u>	<u>31,782,949</u>	<u>1,806,999</u>
Total Primary Government	<u>\$ 118,075,115</u>	<u>\$ 22,596,544</u>	<u>\$ 6,160,948</u>	<u>\$ 134,510,711</u>	<u>\$ 5,944,341</u>

Compensated absences of the governmental activities and business-type activities are paid by the General Fund and Utility Fund, respectively. Direct financing arrangements and leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

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

### Certificates of Obligation

2005A Certificates of Obligation issued December 30, 2005 due in annual installments through February 15, 2026, bearing interest rates at 4.05%, payable February 15 & August 15.	\$ 170,000
2015 Certificates of Obligation issued January 1, 2015 due in annual installments through February 15, 2040, bearing interest at rates ranging from 2.375% to 4%, payable February 15 & August 15.	6,665,000
2016 Certificates of Obligation issued October 13, 2016 due in annual installments through September 30 2036, bearing interest rates ranging from 2.0% to 4.0%, payable February 15 & August 15.	3,655,000
2017 Certificates of Obligation issued July 13, 2017 due in annual installments through September 30 2037, bearing interest rates ranging from 3.0 to 4.0%, payable February 15 & August 15.	4,370,000
2018 Certificates of Obligation issued September 27, 2018 due in annual installments through September 30 2043, bearing interest rates ranging from 3.0 to 5.0%, payable February 15 & August 15.	8,305,000
2020 Certificates of Obligation issued May 27, 2020 due in annual installments through September 30, 2045, bearing interest rates ranging from 2.0 to 4.0%, payable February 15 & August 15.	4,115,000
2021 Certificates of Obligation issued September 23, 2021 due in annual installments through September 30, 2046, bearing interest rates ranging from 2.0 to 4.0%, payable February 15 & August 15.	28,390,000
2023 Certificates of Obligation issued March 30, 2023 due in annual installments through September 30, 2048 bearing interest rates ranging from 4% to 5%, payable February 15 & August 15.	<u>20,345,000</u>
<b>Total Certificates of Obligation - Governmental Activities</b>	<u>\$ 76,015,000</u>

**Certificates of Obligation**

2013 Certificates of Obligation issued February 12, 2013 due in annual installments through February 15, 2032, bearing interest rates from 2.0% to 3.0%, payable February 15 & August 15.	\$ 2,535,000
2014 Certificates of Obligation issued June 15, 2014 due in annual installments through February 15, 2034 bearing interest rates ranging from 2.0% to 3.75%, payable February 15 & August 15.	1,385,000
2015 Certificates of Obligation issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rates ranging from 2.375% to 4%, payable February 15 & August 15.	1,345,000
2016 Certificates of Obligation issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rate of 4%, payable February 15 & August 15.	3,845,000
2018 Certificates of Obligation issued September 27, 2018 due in annual installments through September 30, 2043 bearing interest rates ranging from 3% to 5%, payable February 15 & August 15.	6,700,000
2021 Certificates of Obligation issued September 30, 2021 due in annual installments through September 30, 2046 bearing interest rates ranging from 3% to 4%, payable February 15 & August 15.	<u>7,260,000</u>
<b>Total Certificates of Obligation - Business-type Activities</b>	<u>\$ 23,070,000</u>

**General Obligation**

2013 General Obligation Refunding & Improvement Bonds issued January 1, 2013 due in annual installments through February 15, 2032, bearing interest at rates ranging from 1.0% to 3.0%, payable February 15 & August 15.	\$ 625,000
2015 General Obligation Bonds issued January 15, 2015 due in annual installments through February 15, 2035, bearing interest at rates ranging from 2.3% to 4%, payable February 15 & August 15.	1,510,000
2016 General Obligation Bonds issued November 15, 2016 due in annual installments through February 15, 2036, bearing interest at rates ranging from 2.3% to 4%, payable February 15 & August 15.	8,275,000
2017 General Obligation Bonds issued July 13, 2017 due in annual installments through September 30, 2037, bearing interest at rates ranging from 3% to 4%, payable February 15 & August 15.	3,015,000
2018 General Obligation Bonds issued September 27, 2018 due in annual installments through September 30, 2043, bearing interest at rates ranging from 3% to 5%, payable February 15 & August 15.	3,665,000
2021 General Obligation Bonds issued September 23, 2021 due in annual installments through September 30, 2032, bearing an interest rate of 4%, payable February 15 & August 15.	<u>235,000</u>
<b>Total General Obligation bonds - Governmental Activities</b>	<u>\$ 17,325,000</u>

**General Obligation**

2016 General Obligation Bonds issued January 15, 2015 due in annual installments through February 15, 2040 bearing interest rates ranging from 2.375% to 4%, payable February 15 & August 15.	\$ 835,000
2021 General Obligation Bonds issued September 30, 2021 due in annual installments through September 30, 2032 bearing an interest rate of 4%, payable February 15 & August 15.	<u>660,000</u>
<b>Total General Obligation bonds - Business-type Activities</b>	<u>\$ 1,495,000</u>

**Contract Revenue Bonds**

2005 Contract Revenue Bonds issued September 20, 2005 due in annual installments through October 1, 2028, bearing interest rates ranging from 2.29% to 5.74%, payable April 1 \$306,250 & October 1.	\$ 231,250
2006 Contract Revenue Bonds issued July 15, 2006 due in annual installments through February 1, 2040, bearing interest rates of 5.68% to 5.83%, payable February 1.	2,168,750
2006 Contract Revenue Bonds issued November 1, 2006 due in annual installments through June 1, 2026, bearing interest rates ranging from 2.95% to 3.75%, payable June 1 & December 1.	350,000
2007 Contract Revenue Bonds issued February 20, 2007 due in annual installments through October 1, 2036, bearing interest rates from 2.67% to 5.62%, payable October 1 & April 1.	817,500
2007A Contract Revenue Bonds issued February 7, 2008 due in annual installments through June 1, 2028, bearing interest rates ranging from 2.95% to 4.10%, payable December 1 & June 1.	365,000
2009A Contract Revenue Bonds issued December 18, 2009 due in annual installments through June 1, 2029, bearing interest rates ranging from 1.55% to 5.4%, payable June 1 & December 1.	475,000
2009B Contract Revenue Bonds issued December 18, 2009 due in annual installments through June 1, 2029, bearing interest rates ranging from 0.66% to 4.45%, payable June 1 & December 1.	<u>580,000</u>
<b>Total Contract Revenue Bonds - Business-type Activities</b>	<u><u>\$ 4,987,500</u></u>

**Financing Arrangements**

\$158,218 financing arrangement for the purchase of fire department equipment. Payments are made annually at \$18,415 through 2024, interest at 3.29%.	\$ 17,828
\$634,768 financing arrangements for the purchase of a Ferrara pumper and equipment. Payments are made annually at \$72,825 through 2028, interest at 3.21%.	331,753
\$861,000 financing arrangements for the purchase of a fire truck. Payments are made annually at \$66,908 through 2036, interest at 1.98%.	760,293
\$580,000 financing arrangements for the purchase of a fire truck. Payments are made annually at \$75,021 through 2033, interest at 1.98%.	<u>580,000</u>
<b>Total Financing Arrangements - Governmental Activities</b>	<u><u>\$ 1,689,874</u></u>

**Leases**

The City has entered into various lease agreements for vehicles and is required to make monthly fixed payments. The interest rates range from 0.2480% to 2.3660%.	\$ 585,737
<b>Total Leases - Governmental Activities</b>	<u><u>\$ 585,737</u></u>

**Leases**

The City has entered into various lease agreements for vehicles and is required to make monthly fixed payments. The interest rates range from 0.2480% to 2.3660%.	\$ 456,288
<b>Total Leases - Business-type Activities</b>	<u><u>\$ 456,288</u></u>

**SBITAs**

\$38,158 subscription liability entered into on October 1, 2022 for the use of DebtBook - 22 White Glove. Payments are made annually at \$20,000 through 2024, interest at 3.207%. The value of the right to use asset at September 30, 2023 is \$38,158 with accumulated amortization of \$19,709. The City has 4 extension options, each for 12 months.

\$ 19,378

\$309,690 subscription liability entered into on October 1, 2022 for the use of Incode software. Payments are made annually at \$54,834 through 2027, interest at 3.207%. The value of the right to use asset at September 30, 2023 is \$363,390 with accumulated amortization of \$71,526. The City has 5 extension options, each for 12 months.

202,615

\$60,473 subscription liability entered into on October 1, 2022 for the use of Abila - MIP Advance Upgrade. Payments are made monthly at \$1,713 through 2025, interest at 3.144%. The value of the right to use asset at September 30, 2023 is \$62,293 with accumulated amortization of \$20,388. The City has 3 extension options, each for 12 months.

41,390

**Total SBITAs - Governmental Activities**

\$ 263,383

The annual debt service requirements to maturity for long-term debt outstanding as of September 30, 2023, are as follows:

**Certificates of Obligation**

Fiscal Year	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,115,000	\$ 3,242,342	\$ 1,075,000	\$ 811,890
2025	2,545,000	2,794,669	1,115,000	774,534
2026	2,650,000	2,696,819	1,145,000	736,681
2027	2,685,000	2,603,107	1,195,000	697,073
2028	2,790,000	2,500,807	1,240,000	654,029
2029-2033	15,835,000	10,852,882	6,600,000	2,560,318
2034-2038	18,235,000	7,284,379	5,095,000	1,442,669
2039-2043	17,280,000	4,065,193	4,270,000	656,523
2044-2048	<u>11,880,000</u>	<u>1,031,975</u>	<u>1,335,000</u>	<u>81,700</u>
Totals	<u>\$ 76,015,000</u>	<u>\$ 37,072,173</u>	<u>\$ 23,070,000</u>	<u>\$ 8,415,417</u>

**General Obligation Bonds**

Fiscal Year	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 1,515,000	\$ 603,284	\$ 235,000	\$ 55,100
2025	1,440,000	546,203	245,000	45,500
2026	1,430,000	491,153	245,000	35,700
2027	1,360,000	437,428	215,000	26,500
2028	1,430,000	384,428	230,000	17,600
2029-2033	5,870,000	1,279,758	325,000	26,700
2034-2038	3,070,000	402,309	-	-
2039-2043	<u>1,210,000</u>	<u>112,961</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 17,325,000</u>	<u>\$ 4,257,524</u>	<u>\$ 1,495,000</u>	<u>\$ 207,100</u>

### Contract Revenue Bonds

Fiscal Year	Business Type Activities	
	Principal	Interest
2024	\$ 392,500	\$ 381,697
2025	420,000	368,443
2026	533,750	250,648
2027	432,500	229,873
2028	458,750	178,589
2029-2033	1,218,750	657,828
2034-2038	1,126,250	293,617
2039-2040	406,250	35,709
Totals	<u>\$ 4,988,750</u>	<u>\$ 2,396,404</u>

### Financing Arrangements

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 174,563	\$ 55,145
2025	165,566	49,237
2026	171,086	43,718
2027	176,813	37,991
2028	182,754	32,049
2029-2033	622,463	87,093
2034-2036	196,629	7,693
Totals	<u>\$ 1,689,874</u>	<u>\$ 312,926</u>

### Leases

Fiscal Year	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 174,407	\$ 11,688	\$ 106,261	\$ 17,600
2025	121,908	8,819	93,374	14,057
2026	111,074	6,011	94,768	10,358
2027	99,663	3,197	95,870	6,523
2028	78,685	815	66,015	2,927
Total	<u>\$ 585,737</u>	<u>\$ 30,530</u>	<u>\$ 456,288</u>	<u>\$ 51,465</u>

### SBITAs

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 87,034	\$ 8,141
2025	70,032	5,353
2026	53,187	3,359
2027	53,130	1,704
Totals	<u>\$ 263,383</u>	<u>\$ 18,557</u>

### Defeased Debt

In prior years, the City defeased certificates of obligation and general obligation bonds by placing the proceeds of the net bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the government's financial statements. At September 30, 2023 the City had no defeased bonds outstanding.

## ASSIGNED AND RESTRICTED GENERAL FUND BALANCE

The following includes assignments and restrictions of General fund balance.

	Restricted	Assigned
Municipal court	\$ 125,684	\$ -
PEG fees	38,236	-
Capital projects	-	3,595,135
Information technology	-	186,184
City Hall	-	168,437
Special projects	-	4,245,365
Economic development	-	160,000
Body cameras	-	6,992
Tree and park projects	12,947,440	-
Roadway impact fees	16,017,829	-
Facilities	-	3,700,000
Road repairs	-	626,144
Ticker writer program	-	22,948
Sale of land	-	5,047,500
Totals	<u>\$ 29,129,189</u>	<u>\$ 17,758,705</u>

## CONTRACTUAL OBLIGATIONS

### Greater Texoma Utility Authority

Included in amounts reported as City's long-term debt are obligations entered into with the Greater Texoma Utility Authority (GTUA). Under the terms of the long-term water supply and sewer service contracts, GTUA uses bonded debt to finance and manage the construction of water and sewer infrastructure that is used by the City in operations. In turn, GTUA is granted an undivided ownership interest in the constructed assets equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds. The City is then obligated to make payments to GTUA sufficient to fund:

1. The principal and interest on GTUA's bonds;
2. The maintenance of a reserve fund for the security and payment of GTUA's bonds;
3. The administrative and overhead expenses of GTUA directly attributable to the bonds; and
4. Any extraordinary expenses incurred by GTUA in connection with the bonds.

These agreements are in effect for each related GTUA bond project and remain in effect until that bond has been paid in full, is retired, and is no longer outstanding. At that time, GTUA's ownership interest in the facilities terminates.

As part of the City's obligation to GTUA, the City covenants that it will charge water fees sufficient to cover the debt service each year using operating funds. For the year ended September 30, 2023, operating revenues of the Utility fund were \$16.5 million, and the required payments made to GTUA under these agreements were \$1.4 million.

### Collin Grayson Municipal Alliance Transmission Water Pipeline

In 2004, the City, along with the City of Van Alstyne, Howe, and Anna, formed a group called the Collin-Grayson Municipal Alliance ("CGMA"). CGMA entered into a long-term contractual obligation with GTUA for the purpose of providing funds for the construction of a transmission water pipeline that will provide water to CGMA cities. The cost of the pipeline is being funded in four phases.

Under the agreement, the City is obligated to purchase water under a take-or-pay arrangement, wherein the City is billed for actual water consumption but must pay a calculated minimum amount even if actual consumption is lower. The take-or-pay is calculated by CGMA annually and is based on CGMA's own take-or-pay arrangement with its water supplier.

Additionally, each CGMA city is obligated to fund a portion of the pipeline's costs, including maintenance and production costs as well as debt service. Initially, each city was responsible for 25% of costs until the pipeline project was completed. Subsequently, once the pipeline was operational and water was sold to each CGMA city, the debt service on the obligation is prorated to each City based upon its proportion of the total water purchased by the four cities. The sum of the four fractional amounts shall always equal 100% of the debt service on the contractual obligation with GTUA. The billing rates for each City will be calculated to provide funds necessary to cover the contractual obligation, interest, repairs, maintenance, and production costs.

At the end of the contractual obligation with GTUA, the City will own an undivided interest in the transmission water pipeline based on the percentage of water it utilized and paid for during the contract term. The contract will expire and the transfer of ownership will occur during the fiscal year ended September 30, 2040, as long as no new debt is issued.

## **RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, automobile and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

## **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The City's responsibility is to transmit employee contributions to the third-party plan administrator for deposit to the credit of the individual participant accounts. The City does not have significant administrative involvement for the assets of the plan and does not perform the investment function for the plan.

## **DEFINED BENEFIT PENSION PLANS**

### **Plan Description**

The City participates as one of 909 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

### **Benefits Provided**

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

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

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

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement eligibility (age/service)	60/5, 0/20
Updated service credit	100% repeating, transfers
Retiree Cost of Living Adjustment	70% of CPI

#### *Employees covered by benefit terms.*

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

Inactive employees or beneficiaries current receiving benefits	23
Inactive employees entitled to but not yet received benefits	52
Active employees	<u>74</u>
Total	<u>149</u>

### **Contributions**

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, 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 each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 17.54% and 17.68% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,094,107, and were equal to the required contributions.

### **Net Pension Liability**

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

### **Actuarial assumptions:**

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

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

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



The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	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 member 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 10,229,661	\$ 8,069,863	\$ 2,159,798
Changes for the year:			
Service cost	963,145	-	963,145
Interest	716,545	-	716,545
Difference between expected and actual experience	295,896	-	295,896
Contributions - employer	-	901,950	(901,950)
Contributions - employee	-	359,958	(359,958)
Net investment income	-	(592,797)	592,797
Benefits payments, including refunds of employee contributions	(191,514)	(191,514)	-
Administrative expense	-	(5,097)	5,097
Other change	-	6,082	(6,082)
Net changes	1,784,072	478,582	1,305,490
Balance at 12/31/2022	\$ 12,013,733	\$ 8,548,445	\$ 3,465,288

### *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 in in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in in Discount Rate (7.75%)
City's net pension liability	\$ 5,629,998	\$ 3,465,288	\$ 1,737,532

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,059,736.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 413,177	\$ 12,992
Changes in actuarial assumptions	11,063	-
Difference between projected and actual investment earnings	600,354	-
Contributions subsequent to the measurement date	845,108	-
Totals	<u>\$ 1,869,702</u>	<u>\$ 12,992</u>

\$845,108 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2024	\$ 216,963
2025	280,142
2026	240,275
2027	274,222

## **A. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

### **Plan Description**

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

## Benefits Provided

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

## Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>74</u>
Total	<u>96</u>

## Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.14% and 0.22% for the calendar years 2022 and 2023, of which 0.07% and 0.07% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's retiree-only portion of contributions to the SDBF for the years ended September 30, 2023 was \$3,862, representing contributions for both active and retiree coverage, which equaled the required contributions.

## Total OPEB Liability

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

Within the governmental activities, the General Fund generally liquidates the total OPEB liability. In the business-type activities, the total OPEB liability is liquidated by the Utility Fund.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups.

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

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	4.05% (Based on Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2022)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational bases with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

## Changes in the OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 145,782
Changes for the year:	
Service cost	14,398
Interest	2,782
Difference between expected and actual experience	(7,840)
Changes of assumptions and other inputs	(58,250)
Benefit payments**	<u>(3,600)</u>
Net changes	<u>(52,510)</u>
Balance at 12/31/2022	\$ 93,272

\*\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**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 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB Liability	\$ 115,039	\$ 93,272	\$ 76,705

## OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$11,077, which is attributable to governmental and business-type activities in the amounts of \$9,562 and \$1,515, respectively. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources relate to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,679	\$ 20,526
Changes in actuarial assumptions	24,726	52,295
Contributions subsequent to the measurement date	<u>2,868</u>	<u>-</u>
Totals	\$ <u>33,273</u>	\$ <u>72,821</u>

\$2,868 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (6,103)
2025	(6,394)
2026	(6,115)
2027	(4,481)
2028	(7,025)
Thereafter	(12,298)

## 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.

## CONSTRUCTION COMMITMENTS

Projects	Contract Amount	Spent- to-Date	Remaining Commitment
<b>Governmental Activities:</b>			
Melissa Road West	\$ 2,000,000	\$ 520,170	\$ 1,479,830
Downtown Overlay District Roadways	6,470,263	163,085	6,307,178
Cardinal/Highland Rds	6,748,009	4,204,579	2,543,430
High School Collector Roads	7,248,450	6,245,373	1,003,077
Telephone Road (City Limits N. to Throckmorton	6,000,000	-	6,000,000
Cardinal Road Extension to Fannin	1,500,000	2,363	1,497,637
Zplex Phase 4	7,927,500	6,073,114	1,854,386
Parks and Public Works Admin Building Renovation	1,250,000	548,385	701,615
Public Safety Complex Facility	21,249,383	12,210,508	9,038,875
<b>Business-type Activities:</b>			
SH5 Utility Relocation w/Gravity Sewer	6,416,033	5,990,614	425,419
Totals	<u>\$ 66,809,638</u>	<u>\$ 35,958,191</u>	<u>\$ 30,851,447</u>

## TAX ABATEMENTS

The City of Melissa negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with four entities as of September 30, 2023:

Entity Type	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year Property Tax	Amount of Taxes Abated During the Fiscal Year Sales Tax
Building Materials	80%	\$ -	\$ 56,964
Retail Sales	100%	30,224	500,782
Totals		<u>\$ 30,224</u>	<u>\$ 557,746</u>

Each agreement was negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 380, Texas Local Gov't Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. The agreement is in accordance with Section 501.103, Texas Local Gov' t Code. Taxes were abated through a rebate of taxes received. Recipients of the sales tax abatements agree to operate within the City limits through the term of their agreement.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

## NEW ACCOUNTING GUIDANCE

Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

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

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

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

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,758,716	\$ 7,808,716	\$ 7,850,066	\$ 41,350
Sales taxes	2,500,000	4,005,800	4,241,325	235,525
Franchise taxes	642,619	862,619	903,662	41,043
Road impact fees	-	-	4,484,316	4,484,316
Park development fees	-	-	3,914,075	3,914,075
License and permits	2,522,500	3,282,500	3,506,507	224,007
Charges for services	53,800	228,800	187,761	(41,039)
Fines and forfeitures	606,000	566,000	618,256	52,256
Platting and development	500,000	1,600,000	1,742,595	142,595
Intergovernmental	150,500	175,500	598,102	422,602
Lease	99,060	99,060	97,886	(1,174)
Investment earnings	50,000	2,150,000	2,163,903	13,903
Miscellaneous	27,000	92,000	58,960	(33,040)
Total revenues	<u>14,910,195</u>	<u>20,870,995</u>	<u>30,367,414</u>	<u>9,496,419</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Administration	3,082,421	3,768,812	4,094,953	(326,141)
Planning and development	2,128,730	3,094,430	3,141,889	(47,459)
Code enforcement	183,184	193,585	164,687	28,898
Building maintenance	152,165	152,165	9,262	142,903
Total general government	<u>5,546,500</u>	<u>7,208,992</u>	<u>7,410,791</u>	<u>(201,799)</u>
Public safety:				
Police	3,473,394	3,191,746	3,053,959	137,787
Fire	3,031,600	3,104,000	3,638,312	(534,312)
Municipal court	370,775	495,076	500,985	(5,909)
Total public safety	<u>6,875,769</u>	<u>6,790,822</u>	<u>7,193,256</u>	<u>(402,434)</u>
Culture and recreation:				
Public library	441,144	441,344	269,412	171,932
Parks and recreation	1,181,548	1,508,848	1,298,197	210,651
Total culture and recreation	<u>1,622,692</u>	<u>1,950,192</u>	<u>1,567,609</u>	<u>382,583</u>
Public works:				
Streets	651,559	1,089,060	974,358	114,702
Total public works	<u>651,559</u>	<u>1,089,060</u>	<u>974,358</u>	<u>114,702</u>
Capital outlay	236,765	750,765	905,337	(154,572)
Debt service:				
Principal	513,536	513,536	513,536	-
Interest and fiscal charges	40,633	40,633	40,633	-
Total debt service	<u>554,169</u>	<u>554,169</u>	<u>554,169</u>	<u>-</u>
Total expenditures	<u>15,487,454</u>	<u>18,344,000</u>	<u>18,605,520</u>	<u>(261,520)</u>



**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(577,259)</u>	<u>2,526,995</u>	<u>11,761,894</u>	<u>9,234,899</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	8,392	8,393	1
Issuance of lease	-	-	367,838	367,838
Issuance of financing arrangement	-	-	580,000	580,000
Transfers in	441,447	441,447	441,447	-
Transfers out	<u>-</u>	<u>-</u>	<u>(919,544)</u>	<u>(919,544)</u>
Total other financing sources (uses)	<u>441,447</u>	<u>449,839</u>	<u>478,134</u>	<u>28,295</u>
<b>NET CHANGE IN FUND BALANCE</b>	(135,812)	2,976,834	12,240,028	9,263,194
<b>FUND BALANCE, BEGINNING</b>	<u>39,885,798</u>	<u>39,885,798</u>	<u>39,885,798</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 39,749,986</u>	<u>\$ 42,862,632</u>	<u>\$ 52,125,826</u>	<u>\$ 9,263,194</u>

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**CITY OF MELISSA, TEXAS**

**NOTES TO BUDGETARY SCHEDULE**

**SEPTEMBER 30, 2023**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Debt Service Fund, TIF and Enterprise 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. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

**CITY OF MELISSA, TEXAS**

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

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

<b>Measurement Date December 31,</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>A. Total pension liability</b>			
Service cost	\$ 214,284	\$ 273,760	\$ 325,842
Interest (on the Total Pension Liability)	144,926	171,825	198,997
Changes of benefit terms	-	-	-
Difference between expected and actual experience	38,722	(14,746)	33,857
Change of assumptions	-	89,627	-
Benefit payments, including refunds of employee contributions	<u>(42,295)</u>	<u>(44,530)</u>	<u>(61,534)</u>
Net change in total pension liability	<u>355,637</u>	<u>475,936</u>	<u>497,162</u>
Total pension liability - beginning	<u>1,984,384</u>	<u>2,340,021</u>	<u>2,815,957</u>
Total pension liability - ending (a)	<u>\$ 2,340,021</u>	<u>\$ 2,815,957</u>	<u>\$ 3,313,119</u>
<b>B. Plan fiduciary net position</b>			
Contributions - employer	\$ 81,796	\$ 114,584	\$ 146,688
Contributions - employee	130,197	144,519	165,883
Net investment income	107,092	3,169	159,684
Benefit payments, including refunds of employee contributions	(42,295)	(44,530)	(61,534)
Administrative expenses	(1,118)	(1,930)	(1,803)
Other	<u>(92)</u>	<u>(95)</u>	<u>(96)</u>
Net change in plan fiduciary net position	<u>275,580</u>	<u>215,717</u>	<u>408,822</u>
Plan fiduciary net position - beginning	<u>1,871,298</u>	<u>2,146,878</u>	<u>2,362,595</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,146,878</u>	<u>\$ 2,362,595</u>	<u>\$ 2,771,417</u>
<b>C. Net pension liability - ending (a) - (b)</b>	\$ 193,143	\$ 453,362	\$ 541,702
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	91.75%	83.90%	83.65%
<b>E. Covered payroll</b>	\$ 1,859,951	\$ 2,064,559	\$ 2,369,763
<b>F. Net position liability as a percentage of covered payroll</b>	10.38%	21.96%	22.86%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 368,325	\$ 495,439	\$ 550,485	\$ 626,629	\$ 836,730	\$ 963,145
302,767	342,747	394,623	445,845	606,882	716,545
1,037,592	-	-	-	1,364,173	-
(53,040)	32,826	(67,127)	53,607	298,910	295,896
-	-	57,155	-	-	-
<u>(98,867)</u>	<u>(79,754)</u>	<u>(180,249)</u>	<u>(248,488)</u>	<u>(170,668)</u>	<u>(191,514)</u>
<u>1,556,777</u>	<u>791,258</u>	<u>754,887</u>	<u>877,593</u>	<u>2,936,027</u>	<u>1,784,072</u>
<u>3,313,119</u>	<u>4,869,896</u>	<u>5,661,154</u>	<u>6,416,041</u>	<u>7,293,634</u>	<u>10,229,661</u>
<u>\$ 4,869,896</u>	<u>\$ 5,661,154</u>	<u>\$ 6,416,041</u>	<u>\$ 7,293,634</u>	<u>\$ 10,229,661</u>	<u>\$ 12,013,733</u>
\$ 192,773	\$ 413,069	\$ 456,607	\$ 520,148	\$ 1,256,907	\$ 901,950
187,784	212,765	235,538	268,118	311,880	359,958
384,328	(103,060)	601,023	379,762	772,582	(592,797)
(98,867)	(79,754)	(180,249)	(248,488)	(170,668)	(191,514)
(1,991)	(1,989)	(3,386)	(2,449)	(3,560)	(5,097)
<u>(102)</u>	<u>(102)</u>	<u>(101)</u>	<u>(96)</u>	<u>24</u>	<u>6,082</u>
<u>663,925</u>	<u>440,929</u>	<u>1,109,432</u>	<u>916,995</u>	<u>2,167,165</u>	<u>478,582</u>
<u>2,771,417</u>	<u>3,435,342</u>	<u>3,876,271</u>	<u>4,985,703</u>	<u>5,902,698</u>	<u>8,069,863</u>
<u>\$ 3,435,342</u>	<u>\$ 3,876,271</u>	<u>\$ 4,985,703</u>	<u>\$ 5,902,698</u>	<u>\$ 8,069,863</u>	<u>\$ 8,548,445</u>
\$ 1,434,554	\$ 1,784,883	\$ 1,430,338	\$ 1,390,936	\$ 2,159,798	\$ 3,465,288
70.54%	68.47%	77.71%	80.93%	78.89%	71.16%
\$ 2,682,628	\$ 3,039,506	\$ 3,364,825	\$ 3,830,253	\$ 4,455,431	\$ 5,142,249
53.48%	58.72%	42.51%	36.31%	48.48%	67.39%

**CITY OF MELISSA, TEXAS**

**SCHEDULE OF CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year Ended September 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarial determined contribution	\$ 105,230	\$ 141,014	\$ 180,435
Contributions in relation to the actuarially determined contribution	<u>(105,230)</u>	<u>(141,014)</u>	<u>(180,435)</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	1,942,041	2,826,657	2,607,147
Contributions as a percentage of covered payroll	5.42%	4.99%	6.92%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:** There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information, but the information prior to 2015 is not available.

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 343,590	\$ 447,945	\$ 509,363	\$ 598,429	\$ 850,336	\$ 1,094,107
<u>(343,590)</u>	<u>(447,945)</u>	<u>(509,363)</u>	<u>(598,429)</u>	<u>(1,450,336)</u>	<u>(1,094,107)</u>
-	-	-	-	(600,000)	-
2,894,355	3,380,237	3,748,072	4,403,452	4,847,983	6,199,628
11.87%	13.25%	13.59%	13.59%	29.92%	17.65%

**CITY OF MELISSA, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Measurement Date December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>A. Total OPEB liability</b>			
Service Cost	\$ 6,170	\$ 8,207	\$ 8,076
Interest on the total OPEB liability	2,785	2,973	2,966
Difference between expected and actual experience	6,749	(14,588)	(9,204)
Changes of assumptions and other inputs	-	(5,594)	15,541
Benefit payments	<u>(537)</u>	<u>(608)</u>	<u>(1,009)</u>
Net change in Total OPEB liability	<u>15,167</u>	<u>(9,610)</u>	<u>16,370</u>
Total OPEB liability - beginning	<u>70,853</u>	<u>86,020</u>	<u>76,410</u>
Total OPEB liability - ending	<u>\$ 86,020</u>	<u>\$ 76,410</u>	<u>\$ 92,780</u>
<b>B. Covered payroll</b>	\$ 2,682,628	\$ 3,039,506	\$ 3,364,825
<b>C. Total OPEB liability as a percentage of covered payroll</b>	3.21%	2.51%	2.76%

**Notes to Schedule:**

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.



<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 10,725	\$ 11,584	\$ 14,398
2,688	2,782	2,782
9,449	(5,781)	(7,840)
19,776	5,218	(58,250)
<u>(766)</u>	<u>(2,673)</u>	<u>(3,600)</u>
<u>41,872</u>	<u>11,130</u>	<u>(52,510)</u>
<u>92,780</u>	<u>134,652</u>	<u>145,782</u>
<u>\$ 134,652</u>	<u>\$ 145,782</u>	<u>\$ 93,272</u>
\$ 3,830,253	\$ 4,455,431	\$ 5,142,249
3.52%	3.27%	1.81%

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## **BUDGETARY SCHEDULES**

**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,136,418	\$ 2,136,418	\$ 2,161,199	\$ 24,781
Intergovernmental	752,904	752,904	1,435,474	682,570
Investment earnings	-	-	70,239	70,239
Total revenues	<u>2,889,322</u>	<u>2,889,322</u>	<u>3,666,912</u>	<u>777,590</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	3,965,055	3,965,055	3,395,000	570,055
Interest and fiscal charges	<u>2,128,645</u>	<u>2,128,645</u>	<u>2,704,597</u>	<u>(575,952)</u>
Total expenditures	<u>6,093,700</u>	<u>6,093,700</u>	<u>6,099,597</u>	<u>(5,897)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,204,378)	(3,204,378)	(2,432,685)	771,693
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,886,200</u>	<u>2,886,200</u>	<u>2,203,625</u>	<u>(682,575)</u>
Total other financing sources (uses)	<u>2,886,200</u>	<u>2,886,200</u>	<u>2,203,625</u>	<u>(682,575)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(318,178)</u>	<u>(318,178)</u>	<u>(229,060)</u>	<u>89,118</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,562,510</u>	<u>1,562,510</u>	<u>1,468,099</u>	<u>(94,411)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,244,332</u>	<u>\$ 1,244,332</u>	<u>\$ 1,239,039</u>	<u>\$ (5,293)</u>

**CITY OF MELISSA, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,251,298	\$ 1,251,298	\$ 1,416,219	\$ 164,921
Investment earnings	<u>-</u>	<u>-</u>	54,157	54,157
Total revenues	<u>1,251,298</u>	<u>1,251,298</u>	<u>1,470,376</u>	<u>219,078</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,251,298</u>	<u>1,251,298</u>	<u>1,470,376</u>	<u>219,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,284,081)</u>	<u>(1,284,081)</u>	<u>(1,284,081)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,284,081)</u>	<u>(1,284,081)</u>	<u>(1,284,081)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(32,783)</u>	<u>(32,783)</u>	<u>186,295</u>	<u>219,078</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,418,708</u>	<u>1,418,708</u>	<u>1,418,708</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,385,925</u>	<u>\$ 1,385,925</u>	<u>\$ 1,605,003</u>	<u>\$ 219,078</u>

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## **COMPONENT UNIT FUND STATEMENTS**

**CITY OF MELISSA, TEXAS**

**BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNITS**

SEPTEMBER 30, 2023

	<u>Community Development</u>	<u>Economic Development</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,075,985	\$ 4,367,834
Sales tax receivable	<u>466,053</u>	<u>466,053</u>
Total assets	<u>2,542,038</u>	<u>4,833,887</u>
<b>FUND BALANCES</b>		
Restricted for:		
Community development	2,542,038	-
Economic development	<u>-</u>	<u>4,833,887</u>
Total fund balances	<u>2,542,038</u>	<u>4,833,887</u>
 Total liabilities and fund balances	 <u>\$ 2,542,038</u>	 <u>\$ 4,833,887</u>
 Reconciliation of the balance sheet to the statement of net position:		
Total fund balances	\$ 2,542,038	\$ 4,833,887
 Adjustments for the Statement of Net Position:		
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	 <u>16,166</u>	 <u>129,076</u>
 Net position of the discretely presented component units	 <u>\$ 2,558,204</u>	 <u>\$ 4,962,963</u>



**CITY OF MELISSA, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Community Development	Economic Development
<b>REVENUES</b>		
Sales tax	\$ 2,117,377	\$ 2,117,377
Investment income	58,629	154,585
Total revenues	<u>2,176,006</u>	<u>2,271,962</u>
<b>EXPENDITURES</b>		
Current:		
Community development	1,073,296	-
Economic development	-	786,437
Total expenditures	<u>1,073,296</u>	<u>786,437</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,102,710</u>	<u>1,485,525</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,439,328</u>	<u>3,348,362</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,542,038</u>	<u>\$ 4,833,887</u>

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## **STATISTICAL SECTION**

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**STATISTICAL SECTION  
(Unaudited)**

This part of the City of Melissa's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	64 - 73
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	74 - 85
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	86 - 88
Operating Information 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.	89 - 94

**CITY OF MELISSA, TEXAS****NET POSITION BY COMPONENT**

LAST TEN FISCAL YEARS  
(UNAUDITED)  
(amounts expressed in thousands)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 8,381	\$ 8,834	\$ 2,148	\$ 15,186
Restricted	1,126	440	503	4,285
Unrestricted	<u>1,381</u>	<u>1,484</u>	<u>12,304</u>	<u>3,004</u>
Total governmental activities net position	<u>\$ 10,888</u>	<u>\$ 10,758</u>	<u>\$ 14,955</u>	<u>\$ 22,475</u>
Business-type activities:				
Net investment in capital assets	\$ 2,032	\$ 1,350	\$ 3,460	\$ 4,017
Restricted	-	-	925	1,743
Unrestricted	<u>3,195</u>	<u>4,625</u>	<u>2,837</u>	<u>1,054</u>
Total business-type activities net position	<u>\$ 5,227</u>	<u>\$ 5,975</u>	<u>\$ 7,222</u>	<u>\$ 6,814</u>
Primary government:				
Net investment in capital assets	\$ 10,413	\$ 10,184	\$ 5,608	\$ 19,203
Restricted	1,126	440	503	6,028
Unrestricted	<u>4,576</u>	<u>6,109</u>	<u>15,141</u>	<u>4,058</u>
Total primary government net position	<u>\$ 16,115</u>	<u>\$ 16,733</u>	<u>\$ 21,252</u>	<u>\$ 29,289</u>

**TABLE 1**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 21,081	\$ 22,148	\$ 24,161	\$ 24,984	\$ 55,262	\$ 55,632
7,221	8,660	10,861	13,535	24,613	34,859
<u>3,533</u>	<u>3,984</u>	<u>6,139</u>	<u>14,500</u>	<u>16,812</u>	<u>22,024</u>
<u>\$ 31,835</u>	<u>\$ 34,792</u>	<u>\$ 41,161</u>	<u>\$ 53,019</u>	<u>\$ 96,687</u>	<u>\$ 112,515</u>
\$ 4,655	\$ 5,589	\$ 6,975	\$ 3,886	\$ 50,624	\$ 62,127
2,947	3,797	5,706	9,590	7,507	9,643
<u>4,807</u>	<u>4,656</u>	<u>4,764</u>	<u>4,652</u>	<u>13,902</u>	<u>14,655</u>
<u>\$ 12,409</u>	<u>\$ 14,042</u>	<u>\$ 17,445</u>	<u>\$ 18,128</u>	<u>\$ 72,033</u>	<u>\$ 86,425</u>
\$ 25,736	\$ 27,737	\$ 31,136	\$ 28,870	\$ 105,886	\$ 117,759
10,168	12,457	16,567	23,125	32,120	44,502
<u>8,340</u>	<u>8,640</u>	<u>10,903</u>	<u>19,152</u>	<u>30,714</u>	<u>36,679</u>
<u>\$ 44,244</u>	<u>\$ 48,834</u>	<u>\$ 58,606</u>	<u>\$ 71,147</u>	<u>\$ 168,720</u>	<u>\$ 198,940</u>

**CITY OF MELISSA, TEXAS**

**CHANGES IN NET POSITION**

LAST TEN FISCAL YEARS  
(UNAUDITED)  
(amounts expressed in thousands)

	Fiscal Year			
	2014	2015	2016	2017
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,253	\$ 2,917	\$ 2,849	\$ 2,818
Public safety	1,483	1,726	2,135	2,608
Public works	843	909	1,010	1,368
Cultural and recreation	487	689	593	758
Interest and fiscal charges	771	867	1,120	1,364
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>5,837</u>	<u>7,108</u>	<u>7,707</u>	<u>8,916</u>
Business-type activities:				
Water and sewer	3,047	4,178	5,779	5,629
Sanitation	<u>211</u>	<u>233</u>	<u>338</u>	<u>381</u>
Total business-type activities	<u>3,258</u>	<u>4,411</u>	<u>6,117</u>	<u>6,010</u>
Total primary government program expenses	<u>\$ 9,095</u>	<u>\$ 11,519</u>	<u>\$ 13,824</u>	<u>\$ 14,926</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 735	\$ 958	\$ 1,192	\$ 1,861
Public safety	552	560	546	466
Cultural and recreational	5	-	-	-
Operating grants and contributions	309	158	203	230
Capital grants and contributions	<u>830</u>	<u>422</u>	<u>157</u>	<u>4,908</u>
Total governmental activities program revenues	<u>2,431</u>	<u>2,098</u>	<u>2,098</u>	<u>7,465</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,908	4,478	5,133	6,057
Sanitation	281	314	314	463
Capital grants and contributions	<u>-</u>	<u>228</u>	<u>612</u>	<u>229</u>
Total business-type activities program revenues	<u>4,189</u>	<u>5,020</u>	<u>6,059</u>	<u>6,749</u>
Total primary government program revenues	<u>\$ 6,620</u>	<u>\$ 7,118</u>	<u>\$ 8,157</u>	<u>\$ 14,214</u>



**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,751	\$ 3,672	\$ 4,820	\$ 7,351	\$ 7,854	\$ 7,924
3,414	3,346	4,055	4,428	5,778	7,802
1,500	2,505	2,696	2,586	2,333	2,164
1,002	1,523	1,683	2,171	2,835	2,854
1,399	1,743	1,812	2,025	2,547	2,453
-	-	-	-	-	127
<u>11,066</u>	<u>12,789</u>	<u>15,066</u>	<u>18,561</u>	<u>21,347</u>	<u>23,324</u>
6,736	7,559	7,886	9,080	9,832	11,574
418	480	567	808	984	1,221
<u>7,154</u>	<u>8,039</u>	<u>8,453</u>	<u>9,888</u>	<u>10,816</u>	<u>12,795</u>
<u>\$ 18,220</u>	<u>\$ 20,828</u>	<u>\$ 23,519</u>	<u>\$ 28,449</u>	<u>\$ 32,163</u>	<u>\$ 36,119</u>
\$ 2,136	\$ 1,795	\$ 3,279	\$ 4,759	\$ 7,031	\$ 5,358
424	435	384	485	1,180	753
-	712	1,538	2,260	140	188
1,141	1,221	1,616	2,374	2,301	1,224
<u>7,524</u>	<u>2,203</u>	<u>3,043</u>	<u>4,326</u>	<u>34,392</u>	<u>10,930</u>
<u>11,225</u>	<u>6,366</u>	<u>9,860</u>	<u>14,204</u>	<u>45,044</u>	<u>18,453</u>
7,452	7,903	9,653	10,660	13,394	15,078
509	571	660	888	1,119	1,381
<u>4,068</u>	<u>1,062</u>	<u>2,175</u>	<u>2,514</u>	<u>38,755</u>	<u>10,411</u>
<u>12,029</u>	<u>9,536</u>	<u>12,488</u>	<u>14,062</u>	<u>53,268</u>	<u>26,870</u>
<u>\$ 23,254</u>	<u>\$ 15,902</u>	<u>\$ 22,348</u>	<u>\$ 28,266</u>	<u>\$ 98,312</u>	<u>\$ 45,323</u>

**CITY OF MELISSA, TEXAS**

**CHANGES IN NET POSITION**

LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (3,406)	\$ (5,010)	\$ (5,609)	\$ (1,451)
Business-type activities	931	609	(58)	739
Total primary government net expense	<u>(2,475)</u>	<u>(4,401)</u>	<u>(5,667)</u>	<u>(712)</u>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	2,561	3,059	3,699	4,489
Sales	830	822	1,129	1,164
Franchise	282	306	339	382
Investment earnings	11	139	40	45
Miscellaneous	112	161	271	1,050
Gain(loss) on Sale of Capital Asset	2	-	-	-
Transfers	<u>268</u>	<u>441</u>	<u>1,001</u>	<u>1,842</u>
Total governmental activities	<u>4,066</u>	<u>4,928</u>	<u>6,479</u>	<u>8,972</u>
Business-type activities:				
Investment earnings	22	27	17	24
Miscellaneous	6	167	34	673
Gain(loss) on Sale of Capital Asset	-	-	-	-
Transfers	<u>(268)</u>	<u>(441)</u>	<u>(194)</u>	<u>(1,842)</u>
Total business-type activities	<u>(240)</u>	<u>(247)</u>	<u>(143)</u>	<u>(1,145)</u>
Total primary government	<u>3,826</u>	<u>4,681</u>	<u>6,336</u>	<u>7,827</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	660	(82)	870	7,521
Business-type activities	<u>691</u>	<u>362</u>	<u>(201)</u>	<u>(406)</u>
Total primary government	<u>\$ 1,351</u>	<u>\$ 280</u>	<u>\$ 669</u>	<u>\$ 7,115</u>

**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 159	\$ (6,423)	\$ (5,206)	\$ (4,357)	\$ 23,698	\$ (4,871)
4,875	1,497	4,035	4,174	42,452	14,074
5,034	(4,926)	(1,171)	(183)	66,150	9,203
5,679	6,559	7,590	9,116	10,298	11,496
1,324	1,393	1,701	2,322	3,238	4,241
479	568	582	606	758	904
146	428	466	147	415	3,550
1,277	256	155	188	394	59
-	-	-	-	-	8
296	176	1,081	3,836	(2,162)	441
9,201	9,380	11,575	16,215	12,941	20,699
35	163	232	55	91	749
980	149	216	290	-	-
-	-	-	-	-	10
(296)	(176)	(1,081)	(3,836)	2,162	(441)
719	136	(633)	(3,491)	2,253	318
9,920	9,516	10,942	12,724	15,194	21,017
9,360	2,957	6,369	11,858	36,639	15,828
5,594	1,633	3,402	683	44,706	14,392
\$ 14,954	\$ 4,590	\$ 9,771	\$ 12,541	\$ 81,345	\$ 30,220

**CITY OF MELISSA, TEXAS**FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(UNAUDITED)

(amounts expressed in thousands)

	Fiscal Year			
	2014	2015	2016	2017
General fund:				
Nonspendable	\$ 9	\$ 38	\$ 55	\$ 52
Committed	85	100	76	3,691
Assigned	129	414	420	1,665
Unassigned	<u>1,370</u>	<u>1,404</u>	<u>2,022</u>	<u>1,802</u>
Total general fund	<u>\$ 1,593</u>	<u>\$ 1,956</u>	<u>\$ 2,573</u>	<u>\$ 7,210</u>
All other governmental funds				
Restricted	\$ 1,041	\$ 14,148	\$ 6,887	\$ 10,317
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
Total all other governmental funds	<u>\$ 1,041</u>	<u>\$ 14,148</u>	<u>\$ 6,887</u>	<u>\$ 10,282</u>

**TABLE 3**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1	\$ 1	\$ 5	\$ 34	\$ 13	\$ 30
6,247	6,318	7,478	10,766	22,076	29,129
2,848	2,910	3,695	12,226	13,443	17,759
<u>2,116</u>	<u>2,535</u>	<u>4,034</u>	<u>3,606</u>	<u>4,355</u>	<u>5,208</u>
<u>\$ 11,212</u>	<u>\$ 11,764</u>	<u>\$ 15,212</u>	<u>\$ 26,632</u>	<u>\$ 39,887</u>	<u>\$ 52,126</u>
\$ 22,551	\$ 11,367	\$ 15,908	\$ 47,760	\$ 28,629	\$ 30,784
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 22,551</u>	<u>\$ 11,367</u>	<u>\$ 15,908</u>	<u>\$ 47,760</u>	<u>\$ 28,629</u>	<u>\$ 30,784</u>

**CITY OF MELISSA, TEXAS**

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(UNAUDITED)  
(amounts expressed in thousands)

	Fiscal Year			
	2014	2015	2016	2017
<b>REVENUES</b>				
Taxes	\$ 3,646	\$ 4,182	\$ 5,159	\$ 5,991
Licenses and permits	1,201	976	1,342	2,854
Intergovernmental	511	400	-	4,140
Charges for services	6	4	8	5
Fines and forfeitures	551	560	546	466
Interest income	11	140	40	45
Contributions	163	157	203	-
Miscellaneous	112	161	247	1,050
Total revenues	<u>6,201</u>	<u>6,580</u>	<u>7,545</u>	<u>14,551</u>
<b>EXPENDITURES</b>				
General government	1,864	2,489	2,515	2,475
Public safety	1,342	1,572	1,901	2,303
Streets	248	257	281	275
Culture and recreation	405	600	511	526
Capital outlay	982	909	4,901	19,620
Debt service				
Principal	900	971	994	1,555
Interest and fiscal charges	743	681	1,242	1,359
Bond issuance costs	-	-	-	-
Total expenditures	<u>6,484</u>	<u>7,479</u>	<u>12,345</u>	<u>28,113</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (283)</u>	<u>\$ (899)</u>	<u>\$ (4,800)</u>	<u>\$ (13,562)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,710	1,368	2,264	19,264
Transfers out	(1,443)	(927)	(1,262)	(17,422)
Premium on bonds	-	10,490	-	29,006
Proceeds from insurance recoveries	-	-	24	-
Issuance of debt	-	-	-	-
Issuance of premium	-	-	-	-
Issuance of lease	-	-	-	-
Issuance of financing arrangement	108	229	341	-
Proceeds from sale of capital asset	2	-	-	-
Payment to escrow agent	-	-	-	(12,884)
Total other financing sources (uses)	<u>377</u>	<u>11,160</u>	<u>1,367</u>	<u>17,964</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 94</u>	<u>\$ 10,261</u>	<u>\$ (3,433)</u>	<u>\$ 4,402</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>29.90%</u>	<u>25.10%</u>	<u>30.00%</u>	<u>32.90%</u>

**TABLE 4**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 10,091	\$ 9,987	\$ 12,567	\$ 14,562	\$ 14,286	\$ 21,057
1,581	1,385	2,465	3,606	5,642	3,507
6,066	1,220	1,614	3,883	3,102	2,925
556	410	814	3,413	137	5,844
424	435	384	485	623	618
146	428	466	147	415	3,550
-	-	-	-	-	-
1,274	1,326	2,361	223	383	157
<u>20,138</u>	<u>15,191</u>	<u>20,671</u>	<u>26,319</u>	<u>24,588</u>	<u>37,658</u>
3,156	3,798	4,312	4,821	7,251	7,411
2,994	3,288	4,015	4,365	5,185	7,193
360	670	1,448	1,149	439	974
709	986	1,064	1,335	1,600	1,568
7,618	13,734	3,315	11,745	22,632	21,861
1,885	2,419	2,411	2,587	3,693	3,909
1,529	1,779	1,840	2,162	2,742	2,745
-	-	-	-	-	127
<u>18,251</u>	<u>26,674</u>	<u>18,405</u>	<u>28,164</u>	<u>43,542</u>	<u>45,788</u>
<u>\$ 1,887</u>	<u>\$ (11,483)</u>	<u>\$ 2,266</u>	<u>\$ (1,845)</u>	<u>\$ (18,954)</u>	<u>\$ (8,130)</u>
15,799	2,034	4,728	18,202	2,610	2,645
(15,503)	(1,858)	(3,647)	(14,366)	(3,887)	(2,203)
13,987	-	4,572	35,447	-	-
-	-	-	-	-	-
-	-	-	-	-	20,345
-	-	-	-	-	782
-	-	-	-	-	368
45	635	-	861	-	580
57	41	70	5,288	29	8
-	-	-	(315)	-	-
<u>14,385</u>	<u>852</u>	<u>5,723</u>	<u>45,117</u>	<u>(1,248)</u>	<u>22,525</u>
<u>\$ 16,272</u>	<u>\$ (10,631)</u>	<u>\$ 7,989</u>	<u>\$ 43,272</u>	<u>\$ (20,202)</u>	<u>\$ 14,395</u>
<u>32.10%</u>	<u>32.40%</u>	<u>28.20%</u>	<u>28.90%</u>	<u>31.45%</u>	<u>28.14%</u>

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years (Unaudited)  
(amounts expressed in thousands)

	Real Property		Less				Ratio of Total
	Residential	Commercial	Exemptions	Total	Tax	Estimated	Assessed Value
	Assessed	Assessed	Real	Assessed	Rate	Tax Value	to Total Estimated
	Value	Value	Property	Value			Actual Value
2014	\$ 420,978	\$ 101,533	\$ 41,884	\$ 480,627	0.610000	\$ 480,627	100.0%
2015	428,704	128,724	125,900	431,528	0.610000	431,528	100.0%
2016	663,465	105,965	74,304	695,126	0.610000	695,126	100.0%
2017	670,504	118,120	79,280	709,344	0.610000	709,344	100.0%
2018	813,674	147,038	95,478	865,234	0.610000	865,234	100.0%
2019	935,156	235,911	134,504	1,036,562	0.609541	1,036,562	100.0%
2020	1,100,103	260,308	139,442	1,220,969	0.609541	1,220,969	100.0%
2021	1,287,119	310,315	169,889	1,427,544	0.060924	1,427,544	100.0%
2022	1,559,018	419,247	224,734	1,753,532	0.568157	1,753,532	100.0%
2023	2,453,169	276,781	258,148	2,471,803	0.456168	2,471,803	100.0%

Note: The appraisal of property within the City is the responsibility of the Collin County Central Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a three member Appraisal Review Board.



**CITY OF MELISSA, TEXAS**

**TABLE 6**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	CITY OF MELISSA			Melissa Independent School District	Collin County	Collin County College District	Total Rate
	General	Debt Service	Total City of Melissa Rate				
2023	\$ 0.357805	\$ 0.09836	\$ 0.456168	\$ 1.44290	\$ 0.15244	\$ 0.08122	\$ 2.132731
2022	0.431031	0.13713	0.568157	1.46030	0.16809	0.08122	2.277764
2021	0.456352	0.15289	0.609238	1.46300	0.17253	0.08122	2.325989
2020	0.460931	0.14861	0.609541	1.46300	0.17253	0.08122	2.326292
2019	0.441232	0.16831	0.609541	1.56835	0.17495	0.08122	2.434061
2018	0.457305	0.15270	0.610000	1.56835	0.19225	0.07981	2.450406
2017	0.462173	0.14783	0.610000	1.56835	0.20840	0.08122	2.467967
2016	0.478910	0.13109	0.610000	1.67000	0.22500	0.08196	2.586960
2015	0.463642	0.14636	0.610000	1.54000	0.23500	0.08196	2.466960
2014	0.441731	0.16827	0.610000	1.54000	0.23750	0.08364	2.471143

Source: Collin County Central Appraisal District

**CITY OF MELISSA, TEXAS**

PRINCIPAL PROPERTY TAX PAYERS  
Current and Nine Years Ago (Unaudited)

2023 Total Assessed Value \$3,145,878,621			
Taxpayer	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
NexMetro Springs LP	29,755,890	1	0.95%
NexMetro Stoneridge LP	22,268,645	2	0.71%
Buc-ee's LTD	19,821,202	3	0.63%
Melissa Farmhouse LLC	16,646,818	4	0.53%
Bryant Farms LLC	12,578,000	5	0.40%
Pacesetter Homes LLC	11,942,696	6	0.38%
Meritage Homes of Texas LLC	10,565,145	7	0.34%
Ballout 3 LLC & Ballout 7 LLC	10,421,417	8	0.33%
Pacesetter Homes LLC & Ashton Dallas Residential LLC	10,378,536	9	0.33%
Taylor Morrison of Texas Inc	9,295,374	10	0.30%
Zachry Construction Co	-	-	-
CMC Rebar	-	-	-
Jessh Enterprises	-	-	-
Alpha Steel Fab Inc	-	-	-
First National Bank of Trenton	-	-	-
CMC Steel Fabricators	-	-	-
Oncor Electric Delivery Company	-	-	-
Lattimore Materials Co LLP	-	-	-
Mesquite Creek Development Inc	-	-	-
McKinney Lumber Company LLC	-	-	-
<b>Total</b>	<b>\$ 153,673,723</b>		<b>4.88%</b>

*Source: Collin County Central Appraisal District*

**TABLE 7**

2014 Total Assessed Value \$475,414,491		
Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3,019,973	1	0.75%
2,519,695	2	0.63%
2,429,010	3	0.60%
2,425,922	4	0.60%
2,316,572	5	0.58%
2,037,193	6	0.51%
1,983,566	7	0.49%
1,952,878	8	0.49%
2,214,456	9	0.55%
<u>1,902,668</u>	10	<u>0.47%</u>
<u>\$ 22,801,933</u>		<u>5.67%</u>

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**CITY OF MELISSA, TEXAS**

**TABLE 8**

PROPERTY TAX LEVIES AND COLLECTIONS (1)  
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2014	\$ 2,473,949	\$ 2,463,639	99.6%	\$ 8,866	\$ 2,472,505	99.9%
2015	2,953,734	2,932,886	99.3%	19,278	2,952,164	99.9%
2016	3,585,389	3,570,609	99.6%	13,275	3,583,884	100.0%
2017	4,334,553	4,310,559	99.4%	23,994	4,334,553	100.0%
2018	5,278,488	5,253,887	99.5%	21,906	5,275,793	99.9%
2019	6,324,248	6,295,381	99.5%	16,925	6,312,306	99.8%
2020	7,416,549	7,392,134	99.7%	(6,759)	7,385,375	99.6%
2021	8,678,463	8,654,622	99.7%	(9,107)	8,645,515	99.6%
2022	9,841,071	9,910,988	100.7%	(98,057)	9,812,931	99.7%
2023	11,040,337	11,005,223	99.7%	-	11,005,223	99.7%

Notes: (1) Includes general and debt service funds.

Source: Collin County Tax Assessor Collector.

**CITY OF MELISSA, TEXAS**

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years (Unaudited)  
(Amounts Expressed In Thousands, Except per Capita Amount)

Fiscal Year	Governmental Activities					Business-type Activities	
	General Obligation Bonds	Certificates of Obligation	Leases	SBITAs	Financing Arrangements	Revenue Bonds	General Obligation Bonds
2014	\$ 17,930	\$ -	\$ -	\$ -	\$ 326	\$ 18,130	\$ 850
2015	27,575	-	-	-	429	19,085	740
2016	26,695	-	-	-	656	18,306	630
2017	20,866	21,217	-	-	498	7,019	2,296
2018	24,348	29,832	-	-	433	6,713	2,130
2019	23,046	28,715	-	-	899	6,394	1,843
2020	22,477	32,175	-	-	753	6,068	1,546
2021	21,001	66,096	-	-	1,462	5,723	2,160
2022	19,450	63,753	408	-	1,288	5,368	1,912
2023	17,843	82,060	585	263	1,690	4,988	1,653

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

**TABLE 9**

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income
Certificates of Obligation	Leases	Financing Arrangements				
\$ -	\$ -	\$ 79	\$ 37,315	13.34%	\$ 5,330	\$ 279,671
-	-	81	47,910	12.80%	5,323	374,364
-	-	57	46,344	11.32%	5,323	409,230
14,241	-	23	66,064	14.96%	6,292	441,630
21,367	-	5	84,690	16.32%	7,058	518,976
20,505	-	-	81,271	15.05%	5,805	540,106
19,653	-	-	81,795	12.62%	4,811	648,278
26,873	-	-	122,524	17.27%	5,834	709,548
22,442	112	-	114,733	10.62%	8,195	1,080,090
24,653	456	-	134,191	10.62%	134,191	1,263,696

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years (Unaudited)  
(Amounts Expressed in Thousands, Except per Capita Amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2014	\$ 18,780	\$ 243	\$ 18,537	3.68%	2,527
2015	28,315	304	28,011	4.74%	3,030
2016	27,325	379	26,946	4.74%	3,030
2017	22,915	608	22,307	3.14%	2,124
2018	26,205	840	25,365	2.93%	2,114
2019	24,640	1,161	23,479	2.27%	1,677
2020	23,045	1,410	21,635	1.77%	1,273
2021	22,155	1,531	20,624	1.45%	982
2022	20,520	1,468	19,052	1.09%	1,361
2023	18,820	1,239	17,581	0.71%	73

<sup>1</sup>See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial



DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2023 (Unaudited)  
(Amounts Expressed in Thousands)

	Debt Outstanding		Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Governmental Unit				
Debt repaid with property taxes:				
Melissa I.S.D.	\$ 380,490,000	*	77.17%	\$ 293,624,133
Collin County	721,825,000	*	1.23%	8,878,448
Collin County College District	480,350,000	**	1.23%	<u>5,908,305</u>
Total, overlapping debt				308,410,886
City of Melissa Direct Debt			100%	<u>102,442,409</u>
Total direct and overlapping debt				<u>\$ 410,853,295</u>

Source: Various entity financial statements as of the most recently issued financial statements.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability governments that is borne to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the governmental's boundaries and dividing it by the governmental unit's total taxable assessed value.

**CITY OF MELISSA, TEXAS**

LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years (Unaudited)  
(amounts expressed in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt limit	\$ 159,693	\$ 197,827	\$ 159,693	\$ 136,041	\$ 117,107
Total net debt applicable to limit	<u>18,257</u>	<u>19,052</u>	<u>20,624</u>	<u>23,674</u>	<u>20,624</u>
Legal debt margin	<u>\$ 141,436</u>	<u>\$ 178,775</u>	<u>\$ 139,069</u>	<u>\$ 112,367</u>	<u>\$ 96,483</u>
Total net debt applicable to limit as a percentage of debt limit	11.43%	9.63%	12.91%	17.40%	17.61%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 1,424,697
Add back: exempt real property	<u>172,228</u>
Total assessed value	<u>1,596,925</u>
Debt limit (10% of total assessed value)	159,693
Debt applicable to limit:	
General obligation bonds	19,496
Less: Amount set aside for repayment of general obligation debt	<u>(1,239)</u>
Total net debt applicable to limit	<u>18,257</u>
Legal debt margin	<u>\$ 141,436</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Source: City of Melissa, Texas

**TABLE 12**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 96,071	\$ 88,783	\$ 76,943	\$ 54,166	\$ 52,251
<u>27,699</u>	<u>24,656</u>	<u>26,316</u>	<u>27,271</u>	<u>17,687</u>
<u>\$ 68,372</u>	<u>\$ 64,127</u>	<u>\$ 50,627</u>	<u>\$ 26,895</u>	<u>\$ 34,564</u>
28.83%	27.77%	34.20%	50.35%	33.85%

**CITY OF MELISSA, TEXAS**

**TABLE 13**

PLEDGED-REVENUE COVERAGE  
Last Ten Fiscal Years (Unaudited)  
(Amounts Expressed in Thousands)

Fiscal Year	Water & Sewer Revenue Bonds					
	Charges and Other	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2014	\$ 4,217	\$ 2,564	\$ 1,653	\$ 761	\$ 695	114%
2015	5,214	3,228	1,986	850	739	125%
2016	6,110	3,932	2,178	889	1,550	89%
2017	6,520	4,911	1,609	862	765	99%
2018	7,961	5,547	2,414	1,019	849	129%
2019	8,474	6,144	2,330	1,429	1,063	93%
2020	10,312	6,589	3,723	1,431	1,013	152%
2021	11,548	7,968	3,580	1,479	962	147%
2022	14,513	9,029	5,484	1,601	899	219%
2023	16,459	9,703	6,756	1,265	910	311%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Operating expenses do not include interest or depreciation.

Source: City of Melissa, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population (1)	Total Personal Income (Amounts expressed in thousands)	Per Capita Personal Income (2)	Average Age (3)	School Enrollment (4)	Unemployment Rate (5)
2023	24,000	\$ 1,263,696	\$ 52,654	37.2	6,842	3.5%
2022	22,500	1,080,090	48,004	37.0	5,687	3.0%
2021	21,000	709,548	33,788	33.4	4,633	2.2%
2020	17,000	648,278	38,134	33.7	3,982	3.2%
2019	14,000	540,106	38,579	36.5	3,400	2.9%
2018	12,000	518,976	43,248	36.5	3,216	3.1%
2017	10,500	441,630	42,060	32.7	2,624	3.6%
2016	10,000	409,230	40,923	31.1	2,399	4.4%
2015	9,000	374,364	41,596	31.0	2,159	4.4%
2014	7,000	279,671	39,953	32.4	1,921	4.4%

**Data Sources:**

1. North Central Texas Council of Governments & Staff Estimates
2. DeptOfNumbers.com
3. WorldPopulationReview.com
4. Melissa ISD
5. Texas Workforce Commission; Labor Market & Career Information

**CITY OF MELISSA, TEXAS**  
**PRINCIPAL EMPLOYERS**  
Current and Nine Years Ago (Unaudited)

Employer	2023		
	No. Employees	Rank	Percentage of Total City Employment
Melissa ISD	800	1	13.6%
Redden Concrete, Inc.	428	2	7.3%
Beam Concrete Construction ( <i>formerly Kirk Concrete Construction</i> )	315	3	5.3%
Buc-ee's	313	4	5.3%
NTMWD Regional Disposal	113	5	1.9%
City of Melissa	90	6	1.5%
McDonalds	65	7	1.1%
Calhar Utility Construction	62	8	1.1%
Braum's	45	9	0.8%
CMC Rebar	<u>35</u>	10	<u>0.6%</u>
<b>Total</b>	<b><u>2,266</u></b>		<b><u>38.4%</u></b>

*Source: Texas Workforce Commission; Labor Market & Career Information*

**TABLE 15**

Employer	2014		
	No. Employees	Rank	Percentage of Total City Employment
Melissa ISD	239	1	25.90%
Kirk Concrete Construction Inc.	130	2	14.09%
Calhar Utility Contractors	80	3	8.67%
Alpha Industries Fabricated Structural	71	4	7.70%
NTMWD Regional Disposal Activities	47	5	5.10%
City of Melissa	44	6	4.77%
Mudpies & Lullabies	34	7	3.69%
First Melissa Church	28	8	3.04%
CMC Rebar	28	9	3.04%
Sonic Drive In	<u>24</u>	10	<u>2.60%</u>
	<u>725</u>		<u>78.6%</u>

**CITY OF MELISSA, TEXAS**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year					
	2023	2022	2021	2020	2019	2018
General Government	14.0	9.5	10.0	10.0	9.5	9.5
Public Safety:						
Police	22.5	20.0	17.5	16.5	13.0	13.0
Municipal Court	1.5	1.5	1.5	1.5	2.0	2.0
Fire	19.0	15.5	15.5	13.5	10.5	9.0
Code Enforcement	2.0	2.0	1.0	1.0	1.0	1.0
Streets		0.5	0.5	0.5	0.5	0.5
Culture & Recreation:						
Parks & Recreation	4.0	4.0	3.0	3.0	3.0	3.0
Libraries	5.5	4.5	4.5	4.5	4.5	4.0
Water & Wastewater	11.5	8.5	8.5	8.5	4.5	4.5
Utility Administration	5.5	5.5	4.5	3.5	2.5	2.5
<b>Totals</b>	<b>85.5</b>	<b>71.5</b>	<b>66.5</b>	<b>62.5</b>	<b>51.0</b>	<b>49.0</b>

*Source: City of Melissa, Texas*



**TABLE 16**

Fiscal Year			
2017	2016	2015	2014
8.5	7.5	7.5	7.0
12.0	11.0	11.0	10.0
2.0	1.5	1.5	1.5
10.0	9.0	9.0	3.5
1.0	-	-	-
0.5	0.5	0.5	1.0
2.0	2.0	2.0	1.0
4.5	4.0	4.0	3.0
4.5	4.5	4.5	4.0
2.5	3.5	3.5	3.5
47.5	43.5	43.5	34.5

**CITY OF MELISSA, TEXAS**

OPERATING INDICATORS BY FUNCTIONS/PROGRAM  
Last Ten Fiscal Years

<b>Function/Program</b>	Fiscal Year			
	2023	2022	2021	2020
<u>General government</u>				
Building permits issued				
Commercial	34	36	36	29
Total Dollar Value of Permits Issued	\$64,362,662	\$44,452,122	\$37,935,114	\$49,984,205
Residential	903	905	925	745
Total Dollar Value of Permits Issued	n/a	n/a	n/a	\$144,045,940
<u>Public Safety</u>				
Police				
Physical arrests	218	227	176	243
Accidents	279	246	236	186
Citations	5,707	3,498	2,076	1,547
Fire				
Calls for Service- Fire & EMS	1,822	1,675	1,713	1,610
Number of Fire Safety Programs	23	22	12	9
Number of Calls Answered	1,822	1,675	1,713	1,610
Inspections	256	216	186	146
Fires Extinguished	81	59	48	9
<u>Municipal Court</u>				
Number of Cases Filed	3,286	3,232	2,505	1,883
Number of cases closed	2,223	2,703	2,093	1,696
<u>Culture, Parks, &amp; Recreation</u>				
Athletic Field Reservations Issued	2,664	2,104	1,397	1,095
Park Facilities Reservations Issued	27	41	43	14
Weekend Tournaments (Avg. 3 days)	41	33	32	19
<u>Public Works</u>				
Water & Sewer				
New water connections	1,124	907	876	768
Avg. daily consumption of water (thousands of gallons)	2,609,275	2,557,000	1,732,367	1,312,334
Avg. daily treatment of wastewater (thousands of gallons)	766,383	589,416	604,494	476,651
Streets				
Potholes Repaired (tons of material)	246	226	221	242
Concrete Streets Repaired (yards)	44	58	62	64

Source: City of Melissa, Texas

TABLE 17

Fiscal Year					
2019	2018	2017	2016	2015	2014
5	4	20	23	4	6
\$3,960,162	\$21,024,377	\$33,274,421	\$3,641,774	\$3,425,350	\$12,125,016
482	523	317	238	334	267
\$124,537,435	\$132,234,242	\$83,028,982	\$60,904,323	\$72,037,803	\$51,138,518
218	156	104	162	128	151
217	304	211	259	234	302
1,934	3,116	2,905	2,799	3,461	3,277
1,376	1,395	1,210	1,120	920	825
26	24	5	30	30	30
1,376	1,395	1,210	1,120	950	850
425	150	200	400	450	375
71	97	85	95	150	65
2,402	2,966	2,639	3,382	3,461	3,609
2,450	2,616	2,603	2,933	3,077	3,205
689	55	15	22	60	21
34	26	24	26	15	28
26	28	-	-	-	-
586	485	336	284	295	258
1,484,737	1,695,406	1,755,863	835,180	915,316	611,156
553,804	469,471	734,400	1,395,918	1,557,289	793,123
319	726	360	310	195	227
59	109	6,857	13,028	-	-

**CITY OF MELISSA, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

<b>Function</b>	Fiscal Year				
	2023	2022	2021	2020	2019
Public Safety					
Police stations	1	1	1	1	1
Fire stations	1	1	1	1	1
Streets and Drainage:					
Streets (miles)	100.00	137.52	130.76	121.12	73.02
Storm Sewers (miles)	53.50	49.65	39.87	32.61	28.28
Culture and Recreation					
Parks Acreage	106*	81	61	61	58
Melissa Sports Facility (Acreage)	100	100	100	100	100
Water					
Water Mains (in miles) (miles)	117.18	123.70	117.15	104.44	90.17
Fire Hydrants	1,141	1,134	1,080	890	789
Storage Capacity (millions of gallons)	3,500	3,500	1,500	1,500	1,500
Sewer					
Sanitary Sewer (miles)	101.40	99.04	92.82	85.33	77.34

Source: City of Melissa, Texas

\*Note: Increase by 25 acres for Melissa Lake Park which includes lake, parking lot, and trails around lake

\*\*Note: Streets & Water Mains (in miles) provided by Engineering and are more accurate now due to GIS/GPS

**TABLE 18**

Fiscal Year				
2018	2017	2016	2015	2014
1	1	1	1	1
1	1	1	1	1
75.20	71.00	62.94	61.46	58.16
31.11	27.89	22.32	21.30	19.57
58	33	31	31	31
100	100	100	-	-
76.68	70.97	61.54	57.50	54.31
655	618	515	478	439
1,750	1,750	1,750	1,750	1,375
69.54	65.11	52.78	50.60	47.24

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