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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S  
REPORT

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YEAR ENDED

SEPTEMBER 30, 2024



Roberts & McGee CPA

# CITY OF EARLY, TEXAS

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Early, Texas:

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Early, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Early, Texas, as of September 30, 2024, 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. 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### **Auditor's Responsibility 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 judgement made by a reasonable user based on the financial statements.

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


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

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 our audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and pension and OPEB related schedules 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.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

  
Roberts & McGee, CPA

Abilene, Texas  
April 21, 2025

## BASIC FINANCIAL STATEMENTS

**CITY OF EARLY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,150,611	\$ 1,800,767	\$ 2,951,378	\$ 247,344
Receivables, net	733,473	284,092	1,017,565	156,153
Inventory		52,273	52,273	
Land held for development				1,303,038
Prepaid expenses		8,915	8,915	
Due from component unit	7,235	9,026	16,261	
Restricted cash and cash equivalents	4,407,067		4,407,067	139,585
Non-depreciable capital assets	1,359,661	535,142	1,894,803	
Depreciable capital assets, net	13,204,046	15,668,367	28,872,413	57,352
TOTAL ASSETS	<u>20,862,093</u>	<u>18,358,582</u>	<u>39,220,675</u>	<u>1,903,472</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges		411,955	411,955	
Deferred outflows - pension	305,241	88,565	393,806	15,293
Deferred outflows - OPEB	11,355	3,294	14,649	569
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>316,596</u>	<u>503,814</u>	<u>820,410</u>	<u>15,862</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>21,178,689</u>	<u>18,862,396</u>	<u>40,041,085</u>	<u>1,919,334</u>
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	485,143	32,623	517,766	64,964
Due to primary government				16,261
Utility deposits		118,480	118,480	
Long term liabilities:				
Due within one year	473,413	394,143	867,556	144,291
Due after one year:				
Compensated absences	67,486	15,637	83,123	8,869
Loans and certificates payable	5,433,417	11,493,043	16,926,460	1,532,756
Net pension liability	69,970	20,301	90,271	3,506
Total OPEB liability	45,286	13,139	58,425	2,269
TOTAL LIABILITIES	<u>6,574,715</u>	<u>12,087,366</u>	<u>18,662,081</u>	<u>1,772,916</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	271,358	78,733	350,091	13,596
Deferred inflows - OPEB	22,460	6,517	28,977	1,125
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>293,818</u>	<u>85,250</u>	<u>379,068</u>	<u>14,721</u>
<u>NET POSITION</u>				
Net investment in capital assets	8,637,446	4,316,323	12,953,769	57,352
Restricted	4,375,744	8,915	4,384,659	
Unrestricted	1,296,966	2,364,542	3,661,508	74,345
TOTAL NET POSITION	<u>\$ 14,310,156</u>	<u>\$ 6,689,780</u>	<u>\$ 20,999,936</u>	<u>\$ 131,697</u>

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

**CITY OF EARLY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2024**

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
					PRIMARY GOVERNMENT			
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General administration	\$ 1,363,857	\$ 515,196	\$	\$	\$ (848,661)	\$	\$ (848,661)	\$
Police	1,411,960				(1,411,960)		(1,411,960)	
Fire	908,395	13,500			(894,895)		(894,895)	
Streets	451,871	15,420		600,001	163,550		163,550	
Parks and recreation	619,061				(619,061)		(619,061)	
Town Center	123,712			297,284	173,572		173,572	
Tourism promotion	328,480				(328,480)		(328,480)	
Visitors and Events Center	28,746	26,645			(2,101)		(2,101)	
Interest	328,247				(328,247)		(328,247)	
Total governmental activities	5,564,329	570,761		897,285	(4,096,283)		(4,096,283)	
Business-type activities:								
Water	1,528,551	1,650,516		88,168		210,133	210,133	
Sewer	846,058	807,826		88,168		49,936	49,936	
Sanitation	640,772	674,340				33,568	33,568	
Property management	73,383	41,648				(31,735)	(31,735)	
Interest	279,308					(279,308)	(279,308)	
Total business-type activities	3,368,072	3,174,330		176,336		(17,406)	(17,406)	
TOTAL PRIMARY GOVERNMENT	\$ 8,932,401	\$ 3,745,091	\$	\$ 1,073,621	(4,096,283)	(17,406)	(4,113,689)	
Component units:								
Early Municipal Development District	\$ 1,056,609	\$ 11,642	\$	\$				(1,044,967)
Total component units	\$ 1,056,609	\$ 11,642	\$	\$				(1,044,967)
GENERAL REVENUES:								
Taxes:								
Property taxes					1,596,652		1,596,652	
Sales and use taxes					2,037,481		2,037,481	660,142
Franchise taxes					161,436		161,436	
Other taxes					246,204		246,204	
Investment income					281,651	77,462	359,113	35,801
Miscellaneous income					172,052	13,589	185,641	71,407
Total general revenues					4,495,476	91,051	4,586,527	767,350
Change in net position					399,193	73,645	472,838	(277,617)
Net position - beginning, adjusted					13,910,963	6,616,135	20,527,098	409,314
Net position - ending					\$ 14,310,156	\$ 6,689,780	\$ 20,999,936	\$ 131,697

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

**CITY OF EARLY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,150,611	\$	\$	\$	\$ 1,150,611
Receivables:					
Property tax, net	12,552		4,997		17,549
Warrants receivable	285,804				285,804
Other taxes receivable	350,188			79,932	430,120
Other receivables					
Internal balances	99,780	(112,093)		19,548	7,235
Restricted Assets:					
Cash and cash equivalents		4,086,255	257,069	63,743	4,407,067
<b>TOTAL ASSETS</b>	<b>\$ 1,898,935</b>	<b>3,974,162</b>	<b>262,066</b>	<b>\$ 163,223</b>	<b>\$ 6,298,386</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 382,101			\$ 36,537	\$ 418,638
Accrued salaries	45,520			1,554	47,074
<b>Total Liabilities</b>	<b>427,621</b>			<b>38,091</b>	<b>465,712</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows - Property taxes	12,828		4,721		17,549
Deferred Inflows - Warrants	285,804				285,804
<b>Total Deferred Inflows of Resources</b>	<b>298,632</b>	<b>-</b>	<b>4,721</b>	<b>-</b>	<b>303,353</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>726,253</b>		<b>4,721</b>	<b>38,091</b>	<b>769,065</b>
<b>FUND BALANCE:</b>					
Restricted for:					
Beautification	15,545				15,545
Law Enforcement	3,560				3,560
Construction		3,974,162			3,974,162
Debt Service			257,345		257,345
Tourism Promotion				125,132	125,132
Unassigned	1,153,577				1,153,577
<b>Total Fund Balance</b>	<b>1,172,682</b>	<b>3,974,162</b>	<b>257,345</b>	<b>125,132</b>	<b>5,529,321</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,898,935</b>	<b>\$ 3,974,162</b>	<b>\$ 262,066</b>	<b>\$ 163,223</b>	<b>\$ 6,298,386</b>

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



**CITY OF EARLY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds	\$	5,529,321
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Amounts reported for governmental activities in the statement of net position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,481,846 and the accumulated depreciation was \$8,357,942. The net effect of the beginning balances for capital assets (net of depreciation) in the governmental activities is an increase to net position.		13,123,904
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Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. There were current year capital asset purchases in the governmental funds.		2,221,135
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Depreciation and amortization expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and accumulated amortization. The net effect of the current year depreciation expense is to decrease net position.		(781,332)
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Long term debt is not due and payable in the current period and, therefore, it is not reported in governmental funds. The net effect of recognizing long term debt in the governmental activities is a decrease to net position.		(5,926,261)
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Compensated absences are reported in the government wide statements but are not recorded in the fund financial statements.		(67,486)
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Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. Deferred revenue is recognized in the government-wide financial statements. This results in an increase in net position.		303,353
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Included on the government-wide financial statements is the recognition of the City's proportionate share of the net pension liability of \$69,970, a deferred inflow of resources of \$271,358, and a deferred outflow of resources of \$305,241. The net effect is to decrease net position.		(36,087)
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Included on the government-wide financial statements is the recognition of the City's proportionate share of the total OPEB liability of \$45,286, a deferred outflow of resources of \$11,355, and a deferred inflow of resources of \$22,460. The net effect is to decrease net position.		(56,391)
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Net Position of Governmental Activities	\$	<u><u>14,310,156</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF EARLY, TEXAS**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental	Total Governmental Funds
<b>REVENUE:</b>					
Ad valorem taxes	\$ 1,036,540	\$	\$ 554,825	\$	\$ 1,591,365
Penalty and interest	8,029		4,153		12,182
City sales tax	2,037,481				2,037,481
Franchise taxes	161,436				161,436
Other taxes	22,722			223,482	246,204
Municipal court revenue	195,029				195,029
Fees and permits	32,710				32,710
Interest earned	93,596	175,459	8,500	4,096	281,651
Grants and contributions	341,960				341,960
Intergovernmental	216,204				216,204
Visitor and Event Center Fees	-			26,645	26,645
Other revenue	155,230		1,141	15,681	172,052
Total Revenue	<u>4,300,937</u>	<u>175,459</u>	<u>568,619</u>	<u>269,904</u>	<u>5,314,919</u>
<b>EXPENDITURES:</b>					
Current:					
General government	850,578	47,888			898,466
Police	1,190,232				1,190,232
Fire	803,090				803,090
Street	204,355				204,355
Parks and recreation	401,773				401,773
Town Center	123,712				123,712
Torism promotion				311,290	311,290
Visitor and Event Center expenses				28,746	28,746
Capital outlay	1,320,451	900,684			2,221,135
Debt service:					
Principal retired	113,142		360,000	1,237	474,379
Interest	18,306		309,906	35	328,247
Total Expenditures	<u>5,025,639</u>	<u>948,572</u>	<u>669,906</u>	<u>341,308</u>	<u>6,985,425</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(724,702)	(773,113)	(101,287)	(71,404)	(1,670,506)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of assets					
Proceeds from the issuance of debt	156,678				156,678
Transfers in (out)	(527,438)	828,676	298,763	-	600,001
Total other financing sources (uses)	<u>(370,760)</u>	<u>828,676</u>	<u>298,763</u>	<u>-</u>	<u>756,679</u>
CHANGE IN FUND BALANCE	(1,095,462)	55,563	197,476	(71,404)	(913,827)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,268,144</u>	<u>3,918,599</u>	<u>59,869</u>	<u>196,536</u>	<u>6,443,148</u>
FUND BALANCE AT END OF YEAR	\$ <u>1,172,682</u>	\$ <u>3,974,162</u>	\$ <u>257,345</u>	\$ <u>125,132</u>	\$ <u>5,529,321</u>

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

**CITY OF EARLY, TEXAS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ (913,827)

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

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. 2,221,135

Depreciation expense is not reflected in the governmental funds, but is recorded in the government- wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense is to decrease net position. (781,332)

The issuance of long term debt provides current financial resources to governmental funds, while repayment of the principal of long term debt consumes the current financial resources of governmental funds. The net effect of recognizing current issuance and payments on long term debt in the government-wide financial statements is a net increase to net position. 433,844

Changes in compensated absences are shown in the statement of activities but are not included in the fund financial statements. (35,219)

Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. The current year adjustment to revenue recognized in the government-wide financial statements results in a decrease in net position. (310,745)

Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause a decrease in net position. (208,619)

Certain expenditures for OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the OPEB expense must be recognized. These cause a decrease in net position. (6,044)

Change in Net Position of Governmental Activities \$ 399,193

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

**CITY OF EARLY, TEXAS**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2024**

	Water Fund	Sewer Fund	Sanitation Fund	Property Management Fund	Total Proprietary Funds
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 509,356	\$ 1,087,711	\$ 183,697	\$ 20,003	\$ 1,800,767
Accounts receivable, net	164,077	65,194	54,821	-	284,092
Internal balances	(27,404)	7,827	28,603	-	9,026
Inventory	40,332	11,941	-	-	52,273
Prepaid bond insurance	8,915	-	-	-	8,915
Total Current Assets	<u>695,276</u>	<u>1,172,673</u>	<u>267,121</u>	<u>20,003</u>	<u>2,155,073</u>
<b>Noncurrent Assets:</b>					
Non-depreciable capital assets	128,145	209,476	-	197,521	535,142
Depreciable capital assets, net	<u>6,315,517</u>	<u>7,692,071</u>	<u>540,795</u>	<u>1,119,984</u>	<u>15,668,367</u>
Total Noncurrent Assets	<u>6,443,662</u>	<u>7,901,547</u>	<u>540,795</u>	<u>1,317,505</u>	<u>16,203,509</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized bond refunding charges	411,955	-	-	-	411,955
Deferred outflows - pension	46,130	18,148	24,287	-	88,565
Deferred outflows - OPEB	<u>1,716</u>	<u>675</u>	<u>903</u>	<u>-</u>	<u>3,294</u>
Total Deferred Outflows of Resources	<u>459,801</u>	<u>18,823</u>	<u>25,190</u>	<u>-</u>	<u>503,814</u>
Total Assets and Deferred Outflows of Resources	<u>7,598,739</u>	<u>9,093,043</u>	<u>833,106</u>	<u>1,337,508</u>	<u>18,862,396</u>
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	7,767	11,804	4,470	-	24,041
Accrued interest	8,582	-	-	-	8,582
Utility deposits	118,480	-	-	-	118,480
Notes payable - current	-	-	49,143	-	49,143
Certificates of obligation - current	<u>265,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>345,000</u>
Total current	<u>399,829</u>	<u>91,804</u>	<u>53,613</u>	<u>-</u>	<u>545,246</u>
Long term liabilities:					
Compensated absences	12,050	2,560	1,027	-	15,637
Notes payable	-	-	288,652	-	288,652
Certificates of obligation	3,544,391	7,660,000	-	-	11,204,391
Net pension liability	10,574	4,160	5,567	-	20,301
Net OPEB liability	<u>6,844</u>	<u>2,692</u>	<u>3,603</u>	<u>-</u>	<u>13,139</u>
Total Liabilities	<u>3,973,688</u>	<u>7,761,216</u>	<u>352,462</u>	<u>-</u>	<u>12,087,366</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - pension	41,010	16,133	21,590	-	78,733
Deferred inflows - OPEB	3,394	1,336	1,787	-	6,517
Deferred inflows - Unearned revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>44,404</u>	<u>17,469</u>	<u>23,377</u>	<u>-</u>	<u>85,250</u>
<b>NET POSITION:</b>					
Net investment in capital assets	2,634,271	161,547	203,000	1,317,505	4,316,323
Restricted	8,915	-	-	-	8,915
Unrestricted	<u>937,461</u>	<u>1,152,811</u>	<u>254,267</u>	<u>20,003</u>	<u>2,364,542</u>
Total Net Position	<u>\$ 3,580,647</u>	<u>\$ 1,314,358</u>	<u>\$ 457,267</u>	<u>\$ 1,337,508</u>	<u>\$ 6,689,780</u>

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

**CITY OF EARLY, TEXAS**  
**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN**  
**NET POSITION – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Water Fund	Sewer Fund	Sanitation Fund	Property Management Fund	Total Proprietary Funds
<b>OPERATING REVENUE:</b>					
Charges for services	\$ 1,650,516	\$ 807,826	\$ 674,340	\$ -	\$ 3,132,682
Rent income	-	-	-	41,648	41,648
Other income	9,198	4,160	231	-	13,589
Total Operating Revenue	<u>1,659,714</u>	<u>811,986</u>	<u>674,571</u>	<u>41,648</u>	<u>3,187,919</u>
<b>OPERATING EXPENSES:</b>					
Personnel costs	431,215	195,871	237,268	-	864,354
Materials, supplies and services	474,044	33,962	60,905	-	568,911
Maintenance and operations	209,429	212,520	70,325	-	492,274
Depreciation and amortization	369,267	355,498	93,835	42,836	861,436
Contractual remittances	-	-	-	30,547	30,547
Support services	39,096	19,848	21,108	-	80,052
Other	5,500	28,359	157,331	-	191,190
Total Operating Expenses	<u>1,528,551</u>	<u>846,058</u>	<u>640,772</u>	<u>73,383</u>	<u>3,088,764</u>
Operating Income	<u>131,163</u>	<u>(34,072)</u>	<u>33,799</u>	<u>(31,735)</u>	<u>99,155</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest income	23,819	48,837	4,038	768	77,462
Grants and contributions	88,168	88,168	-	-	176,336
Sale of equipment	-	-	-	-	-
Interest expense	(102,119)	(157,306)	(19,883)	-	(279,308)
Total Non-operating	<u>9,868</u>	<u>(20,301)</u>	<u>(15,845)</u>	<u>768</u>	<u>(25,510)</u>
NET INCOME BEFORE OPERATING TRANSFERS	141,031	(54,373)	17,954	(30,967)	73,645
<b>OPERATING TRANSFERS</b>					
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	141,031	(54,373)	17,954	(30,967)	73,645
NET POSITION - BEGINNING OF YEAR	3,439,616	1,368,731	439,313	1,368,475	6,616,135
NET POSITION - END OF YEAR	<u>\$ 3,580,647</u>	<u>\$ 1,314,358</u>	<u>\$ 457,267</u>	<u>\$ 1,337,508</u>	<u>\$ 6,689,780</u>

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

**CITY OF EARLY, TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Water Fund	Sewer Fund	Sanitation Fund	Property Management Fund	Total Proprietary Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 1,646,945	\$ 804,990	\$ 670,819	\$ 47,181	\$ 3,169,935
Receipts from other operation functions	9,198	4,160	231	-	13,589
Payments to suppliers	(722,232)	(251,963)	(146,391)	-	(1,120,586)
Payments to employees and related taxes and benefits	(398,139)	(173,637)	(213,941)	-	(785,717)
Payments to others	(44,596)	(48,207)	(178,439)	(41,627)	(312,869)
Net cash provided (used) by operating activities	<u>491,176</u>	<u>335,343</u>	<u>132,279</u>	<u>5,554</u>	<u>964,352</u>
<b>Cash flows from capital and related financing activities:</b>					
Principal payments on long-term debt	(288,863)	(80,000)	(46,735)	-	(415,598)
Interest payments on long-term debt	(111,537)	(178,294)	(27,642)	-	(317,473)
Loans from other funds	18,602	(4,072)	5,748	-	20,278
Acquisition and construction of capital assets	(104,566)	(157,158)	-	-	(261,724)
Capital grant proceeds	88,168	88,168	-	-	176,336
Net cash provided (used) by capital and related financing activities	<u>(398,196)</u>	<u>(331,356)</u>	<u>(68,629)</u>	<u>-</u>	<u>(798,181)</u>
<b>Cash flows from investing activities:</b>					
Interest income	<u>23,819</u>	<u>48,837</u>	<u>4,038</u>	<u>768</u>	<u>77,462</u>
Net cash provided (used) by investing activities	<u>23,819</u>	<u>48,837</u>	<u>4,038</u>	<u>768</u>	<u>77,462</u>
Net increase (decrease) in cash and cash equivalents	116,799	52,824	67,688	6,322	243,633
Cash and cash equivalents at beginning of year	<u>392,557</u>	<u>1,034,887</u>	<u>116,009</u>	<u>13,681</u>	<u>1,557,134</u>
Cash and cash equivalents at end of year	<u>\$ 509,356</u>	<u>\$ 1,087,711</u>	<u>\$ 183,697</u>	<u>\$ 20,003</u>	<u>\$ 1,800,767</u>
<b>Reconciliation of operating income to net cash</b>					
Provided (used) by operating activities:					
Operating income	\$ 131,163	\$ (34,072)	\$ 33,799	\$ (31,735)	\$ 99,155
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation and amortization	369,267	355,498	93,835	42,836	861,436
(Increase) Decrease in accounts receivable	(6,751)	(2,836)	(3,521)	5,533	(7,575)
Increase (Decrease) in accounts payable	(38,759)	(5,481)	(15,161)	(11,080)	(70,481)
Increase (Decrease) in compensated absences	897	851	1,027	-	2,775
Increase (Decrease) in pension liability	38,574	19,107	23,036	-	80,717
Increase (Decrease) in OPEB liability	(6,395)	2,276	(736)	-	(4,855)
Increase (Decrease) in customer deposits	3,180	-	-	-	3,180
Net cash provided (used) by operating activities	<u>491,176</u>	<u>335,343</u>	<u>132,279</u>	<u>5,554</u>	<u>\$ 964,352</u>

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

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The City of Early, Texas (the "City") was incorporated under the provisions of the State of Texas. The City is a general law city and operates under a council-mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, utilities (water, sewer, sanitation), recreation, public improvements and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and interpretations). The more significant accounting policies established by GAAP and used by the City are discussed below.

*REPORTING ENTITY*

These financial statements present the City (primary government) and its component unit, the Early Municipal Development District (EMDD). As defined by GASB No. 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

In conformity with U.S. generally accepted accounting principles, the City has considered all potential component units. The basic criterion is the governing body's ability to exercise oversight responsibility which includes financial interdependency, selection of governing authority, the designation of management, and accountability for fiscal matters.

*Discretely Presented Component Units*

Early Municipal Development District (EMDD) is a political subdivision of the State of Texas and the City of Early and has the powers and duties given by Section 377 of the Texas Local Government Code (Act). The District was established for the purpose of developing and financing all permissible development projects prescribed by the Act. The District receives its primary funding from a local sales tax approved by the voters and rental income from properties managed by the District. The affairs of the District are managed by a Board of Directors. The Board has five members appointed by the Mayor of the City of Early, Texas with the approval of the City of Early City Council. The EMDD is reported as a component unit due to the City's power to appoint a voting majority of the Board.

Condensed statements of the discretely presented component units are shown on the Statement of Net Assets and the Statement of Activities in the separate columns titled component units.

*GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

*Government-wide Financial Statements*

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

*Fund Financial Statements*

Separate financial statements are provided for governmental and proprietary funds. An emphasis of the fund financial statements is placed on major governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

*MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION*

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

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 judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Because different measurement focuses and bases of accounting are used in the government-wide statements of net position and governmental fund statements, amounts reported as restricted fund balances in the governmental funds may be different from amounts reported as restricted net position in the statement of net position.

Property taxes, sales taxes, franchise taxes, hotel/motel taxes, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

*Fund Types and Major Funds*

*Governmental Funds*

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 City, except those required to be accounted for in another fund.

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds.)

The Debt Service Fund are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.



**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

The City also reports the nonmajor governmental special revenue fund:

Special Revenue Fund - Convention & Visitors Bureau is the only Special Revenue Fund and is used to account for the Hotel Occupancy Tax collected by the City. These revenues must be used solely for those purposes authorized by Subchapter B, Section 351.101 of the Tax Code of the State of Texas. This law limits the use of the revenues to the promotion of tourism and the convention and hotel industry and further requires that the revenues be maintained in a separate account established for that purpose and not be commingled with other funds.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Proprietary Funds - The Proprietary Funds are used to account for the provision of water, sewer, sanitation, and property management services to the residents of the City. Activities of the funds include administration, operations and maintenance of water, sewer, sanitation, and property management and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for systems debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds and through property sales and rental.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include all cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Within unrestricted resources, committed would be considered spent first, followed by assigned, and then unassigned amounts.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

*Budgetary Control*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City Administrator submits to the City Council the proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds.

*Excess of Expenditures over Appropriations*

During fiscal year 2024 in the general fund, expenditures exceeded the amended budget in several departments; however, funds were available to cover all unbudgeted expenditures with current year revenue and unrestricted fund balance. General fund expenses were more than budgeted amounts by \$503,545 and general fund revenues were less than budgeted amounts by \$753,363. Other financing sources (uses) were more than budgeted amounts by \$1,604,415. The City's overall change in fund balance compared to the amended budget reflected a positive variance of \$347,507.

*Use of Estimates*

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

*Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity*

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, all cash and highly liquid investments are considered to be cash equivalents if they have an initial maturity of three months or less when purchased.

*Inventories*

Inventories are valued at the lower of average cost or market. Inventories of the proprietary funds consist of supplies held for consumption.

*Interfund Receivables and Payables*

Any residual balance outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

*Transactions Between Funds*

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollected accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem taxes, sales taxes and warrants. Business-type activity receivable balances are from utility sales.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. In the governmental fund financial statements, capital assets are recorded as expenditures. 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 years. Capital assets are stated at historical cost or estimated cost if actual historical cost is not available. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the lives is not capitalized.

Capital assets in the government-wide statements and the proprietary fund statements are depreciated on the straight-line method over the estimated useful lives of the respective assets. Depreciation of all exhaustible capital assets is charged as an expense against operations. The estimated useful lives of fixed assets are as follows:

Buildings and Improvements	10 - 40 years
Infrastructure	30 - 40 years
Equipment	3 - 20 years

Right to use leased assets are recognized at the lease or SBITA commencement date and represent the City's right to use an underlying asset for the lease or SBITA term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased or SBITA assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the equipment leases range from 3 to 5.25 years.

Restricted Assets

Certain governmental fund assets are classified as restricted on the balance sheet and statement of net position because their use is limited by legal or contractual requirements and terms of trust agreements. These include funds restricted for debt service and improvements.

Also, certain other resources set aside for debt repayment and other purposes, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants and contract agreements. These include assets for bond debt service.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 deferred outflows of resources for the difference between projected and actual earnings for its pension plan and amounts related to other postemployment benefits (OPEB) and contributions to these plans after the measurement date, but before the end of the fiscal year, and unamortized bond refunding.

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources for the differences between expected and actual experience related to the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

On the governmental fund financial statements, in addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the governmental funds and proprietary funds for unavailable revenues from property taxes and grant receipts.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and addition 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 their fair value.

*Compensated Absences*

The liability for compensated absences reported in the government-wide and governmental fund statements consists of unpaid accumulated vacation leave. Only employees who are currently eligible to receive payments upon termination are included in the calculation of the liability.

*Long-term Obligations*

In the government-wide, proprietary, and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts and deferred amounts on refunding. Issuance costs are reported as expenditures in the period incurred.

The governmental fund financial statements recognize the proceeds for debt and premiums as other financing sources of the current period. Issuance costs are reported as debt service expenditures.

*Fund Balance Classifications*

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

*Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has no nonspendable funds for the year ended September 30, 2024.

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

*Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and restricted through debt covenants. Federal or state funds are restricted for use only for a specific use. The City has \$4,375,744 restricted funds at September 30, 2024.

*Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification includes amounts that are constrained by the City Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to management through the budgetary process. The City has no assigned funds for the year ended September 30, 2024.

*Unassigned* – This classification includes the residual fund balance for the General Fund. The unassigned fund balance also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

*Implementation of GASB Statement No. 96*

As of October 1, 2023 the City adopted GASB Statement 96. The implementation of this standard establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset— an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

*NOTE 2: DEPOSITS AND INVESTMENTS*

The City places its investable funds in investments authorized by Texas law (The Public Funds Investment Act Government Code Chapter 2256) in accordance with investment policies approved by the City Council of the City. Both state law and the City's investment policies are subject to change. Under Texas law and City policy, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity and the quality and capability of investment management. All City funds must be invested in a manner that provides the highest investment return with the maximum security while meeting the daily cash flow demands of the City. The objectives of the City's investment policy are safety, availability, diversification and highest rate of return. The City limits its authorized investments to certificates of deposit and joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. The Public Funds Investment Act requires the City to have independent auditors

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 2: DEPOSITS AND INVESTMENTS**

perform test procedures related to investment practices approved by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

*Cash Deposits*

The City's cash deposits were entirely covered by FDIC insurance or pledged collateral held by the City's bank in the City's name at September 30, 2024.

The Early Municipal Development District were fully collateralized at September 30, 2024.

*Custodial credit risk – deposits.* Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2024, the City had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At September 30, 2024, the City's deposits were fully secured by federal depository insurance and pledged securities held by the City's agent in the City's name.

**NOTE 3: ACCOUNTS RECEIVABLE**

*Governmental Activities*

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 tax bill and are delinquent if not paid before February 1 of the year following the year in which tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. The tax rate to finance general governmental services and to service the debt for the year ended September 30, 2024 was \$.39924 per \$100 valuation (.25212 for maintenance and operations and .14712 for debt service).

Allowances for uncollectible taxes receivable within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the governmental fund financial statements, property tax receivable is recorded in the General Fund. At fiscal year-end, the receivable represents delinquent taxes. If the receivables are not paid within 60 days of year-end, they are recorded as deferred revenue.

Receivables included in governmental activities are as follows:

Property tax receivable	\$ 25,578
Less: Allowance for uncollectible taxes	<u>(8,029)</u>
Property tax receivable, net	17,549
 Warrants Receivable	 \$ 802,310
Less: Allowance for uncollectible taxes	<u>(516,506)</u>
Warrants tax receivable, net	285,804
 Sales tax receivable	 350,188
Occupancy tax receivable	<u>79,932</u>
	<u>\$ 733,473</u>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 3: ACCOUNTS RECEIVABLE – continued**

*Business-Type Activities*

Accounts receivables in the proprietary funds include amounts due from customers primarily for water, sewer and sanitation services. An allowance has been recorded to estimate the uncollectible receivables at year end. The accounts receivables total \$307,779 (net of an allowance of \$23,687.)

**NOTE 4: CAPITAL ASSETS**

A summary of changes in governmental capital assets is as follows:

	Balance September 30, 2023	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2024
<u>Government Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 346,353	\$	\$	\$ 346,353
Land use rights - easments	54,785			54,785
Construction in progress	392,353	1,677,264	(1,111,094)	958,523
Total capital assets, not being depreciated	793,491	1,677,264	(1,111,094)	1,359,661
Capital assets being depreciated:				
Buildings and improvements	6,174,138	155,856		6,329,994
Infrastructure	10,665,427	1,145,094		11,810,521
Machinery and equipment	3,793,359	197,337		3,990,696
Right of use assets	37,901			37,901
Subscription asset	17,530	156,678		174,208
Total assets being depreciated	20,688,355	1,654,965	-	22,343,320
Less accumulated depreciation for:				
Buildings and improvements	(1,345,889)	(219,150)		(1,565,039)
Infrastructure	(4,170,682)	(276,397)		(4,447,079)
Machinery and equipment	(2,807,706)	(251,232)		(3,058,938)
Right of use assets	(20,809)	(7,580)		(28,389)
Subscription asset	(12,856)	(26,973)		(39,829)
Total accumulated depreciation	(8,357,942)	(781,332)	-	(9,139,274)
Total capital assets being depreciated, net	12,330,413	873,633	-	13,204,046
Governmental activities capital assets, net	\$ 13,123,904	\$ 2,550,897	\$ (1,111,094)	\$ 14,563,707
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 235,333	\$	\$	\$ 235,333
Water line easments	90,332			90,332
Construction in progress	149,339	60,137		209,476
Total capital assets, not being depreciated	475,004	60,137	-	535,141
Capital assets being depreciated:				
Buildings and improvements	1,750,264			1,750,264
Infrastructure	20,510,182	56,550		20,566,732
Machinery and equipment	2,621,695	145,039		2,766,734
Total assets being depreciated	24,882,141	201,589	-	25,083,730
Less accumulated depreciation for:				
Buildings and improvements	(552,020)	(43,757)		(595,777)
Infrastructure	(6,646,329)	(555,432)		(7,201,761)
Machinery and equipment	(1,400,669)	(217,155)		(1,617,824)
Total accumulated depreciation	(8,599,018)	(816,344)	-	(9,415,362)
Total capital assets being depreciated, net	16,283,123	(614,755)	-	15,668,368
Business-type activities capital assets, net	\$ 16,758,127	\$ (554,618)	\$ -	\$ 16,203,509

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 4: CAPITAL ASSETS - continued**

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

Governmental activities:	
General government	\$ 67,371
Police	119,456
Fire	43,231
Streets	355,314
Parks	191,025
Tourism	4,935
	<u>\$ 781,332</u>
Business-type activities:	
Water	\$ 324,174
Sewer	355,499
Sanitation	93,835
Property Management	42,836
	<u>\$ 816,344</u>

A summary of changes in City of Early, Texas component unit's capital assets is as follows:

<u>Component Unit: Early Municipal Development</u>	Balance September 30, 2023	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2024
Capital assets being depreciated:				
Furniture and Equipment	\$ 51,448	\$ 21,339	\$ -	\$ 72,787
Total assets being depreciated	<u>51,448</u>	<u>21,339</u>	<u>-</u>	<u>72,787</u>
Less accumulated depreciation for:				
Furniture and Equipment	(5,145)	(10,290)		(15,435)
Total accumulated depreciation	<u>(5,145)</u>	<u>(10,290)</u>	<u></u>	<u>(15,435)</u>
Total capital assets being depreciated, net	<u>46,303</u>	<u>11,049</u>	<u>-</u>	<u>57,352</u>
Component Unit capital assets, net	<u>\$ 46,303</u>	<u>\$ 11,049</u>	<u>\$ -</u>	<u>\$ 57,352</u>

Depreciation expense was \$10,290 for the year ended September 30, 2024.

**NOTE 5: LONG TERM DEBT**

A schedule of the City's transaction in the long-term debt for the year ended September 30, 2024 is as follows:

	Balance at 09/30/2023	Additions	Retirements	Balance at 09/30/2024	Due Within One Year
Primary Government:					
Governmental Activities:					
Certificates of obligation	\$ 4,810,000	\$ -	\$ (50,000)	\$ 4,760,000	50,000
Genral obligation bonds	<u>895,000</u>	<u></u>	<u>(310,000)</u>	<u>585,000</u>	<u>315,000</u>
	5,705,000	-	(360,000)	5,345,000	365,000
Bond premium	<u>222,801</u>	<u></u>	<u>(19,496)</u>	<u>203,305</u>	<u></u>
Total bonds and premiums	<u>5,927,801</u>	<u>-</u>	<u>(379,496)</u>	<u>5,548,305</u>	<u>365,000</u>
Notes payable	286,489		(68,509)	217,980	70,544
Long-term lease liability	20,280		(7,657)	12,623	6,715
SBITA liability	9,457	156,678	(38,213)	127,922	31,154
Compensated Absences	<u>56,283</u>	<u>11,203</u>	<u></u>	<u>67,486</u>	<u></u>
	<u>6,300,310</u>	<u>167,881</u>	<u>(493,875)</u>	<u>5,974,316</u>	<u>473,413</u>



**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: LONG TERM DEBT – continued**

	Balance at 09/30/2023	Additions	Retirements	Balance at 09/30/2024	Due Within One Year
<i>Business-Type Activities:</i>					
Certificates of obligation	\$ 7,820,000	\$	\$ (80,000)	\$ 7,740,000	80,000
General obligation bonds	3,800,000		(260,000)	3,540,000	265,000
	11,620,000	-	(340,000)	11,280,000	345,000
Bond premium	298,254		(28,863)	269,391	
Total bonds and premiums	11,918,254	-	(368,863)	11,549,391	345,000
Notes payable	384,529		(46,734)	337,795	49,143
Compensated Absences	12,861	2,776		15,637	
	12,315,644	2,776	(415,597)	11,902,823	394,143
Total Primary Government	18,615,954	170,657	(909,472)	17,877,139	867,556

A summary of changes in City of Early, Texas component unit's long-term debt is as follows:

	Balance at 09/30/2023	Additions	Retirements	Balance at 09/30/2024	Due Within One Year
<i>Component Unit: Early Municipal Development District</i>					
Notes Payable	\$ 1,811,976	\$	\$ (134,929)	\$ 1,677,047	144,291
Compensated Absences	6,572	2,297		8,869	
	1,818,548	2,297	(134,929)	1,685,916	144,291

General obligation bonds are direct obligations issued on a pledge of the general taxing powers for the payment of debt obligations of the City. General obligation bonds require the City to set aside each year a portion of the taxes levied in a fund to pay interest and principal at maturity. The City is in compliance with this requirement. Combination tax and revenue bonds are payable from either ad valorem taxes levied, with the limits prescribed by laws, or payable from and secured by the surplus net revenues of the City's water and sewer system as provided in the ordinances authorizing their issuance.

**Governmental Activities**

A summary of bonds follows:

	Date of Issue	Original Amount	Interest Rate	Maturity Date	Amount Outstanding 9/30/2024
Combination Tax and Revenue					
Certifications of Obligations					
Series 2017	2/15/2017	\$ 1,125,000	2.0 to 4.0%	2/15/2037	\$ 585,000
Series 2023	2/15/2023	3,935,000	4.25 to 5.0%	2/15/2043	825,000
General Obligation Refunding Bonds					
Series 2019	12/5/2019	1,805,000	3.0%	2/15/2027	3,935,000
					<u>\$ 5,345,000</u>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: LONG TERM DEBT** – continued

The following represents the future maturities on these bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Long Term Bonds:			
<i>Governmental Activities</i>			
2025	\$ 365,000	\$ 225,200	\$ 590,200
2026	185,000	216,950	401,950
2027	190,000	215,375	405,375
2028	220,000	203,250	423,250
2029	240,000	192,325	432,325
2030-2034	1,345,000	779,325	2,124,325
2035-2039	1,530,000	429,650	1,959,650
2040-2044	1,270,000	110,713	1,380,713
	<u>\$ 5,345,000</u>	<u>\$ 2,372,788</u>	<u>\$ 7,717,788</u>

Notes payable are used to finance asset acquisitions and improvements needed in the governmental operations of the City. A summary of the notes payable follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
American Bank	12/29/2021	\$ 353,022	2.97%	12/29/2026	\$ 217,980

The following represents the future maturities on this note:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Notes Payable:			
<i>Governmental Activities:</i>			
2025	\$ 70,544	\$ 6,474	\$ 77,018
2026	72,639	4,379	77,018
2027	74,797	2,221	77,018
	<u>\$ 217,980</u>	<u>\$ 13,074</u>	<u>\$ 231,054</u>

**Leases Liabilities**

The City is a lessee in noncancelable operating leases for the right to use office equipment. The City has recorded a right to use asset and liability at the lease commencement date based on the present value of the future lease payments over the expected lease terms. The right of use asset is amortized on a straight-line basis over the life of the lease, and the asset is recognized on the statement of net position with the depreciable capital assets. The lease liability is calculated based on the present value of the non-cancelable payments over the term of the lease and is recognized as a right to use liability on the statement of net position.

The details of the lease agreements are as follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
Canon-City Hall	6/18/2020	\$ 7,603	2.97%	5/18/2025	\$ 1,080
Canon-Police	3/10/2020	5,908	2.94%	2/10/2025	526
Canon-Early Visitors Event Center	3/3/2023	4,144	5.42%	2/3/2038	2,951
Canon-Doc Admin	8/26/2021	20,246	5.42%	7/26/2026	8,066
					<u>12,623</u>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: LONG TERM DEBT** – continued

The following represents the future maturities on long-term leases:

Long-term Lease Liabilities

*Governmental Activities:*

2025	\$	6,715	\$	487	\$	7,202
2026		4,618		189		4,807
2027		900		48		948
2028		390		5		395
	\$	<u>12,623</u>	\$	<u>729</u>	\$	<u>13,352</u>

Subscription Liabilities

The City entered into long-term agreements to utilize software. The software agreements met the requirements from Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Technology Arrangements*. The City has recorded a subscription asset and a subscription liability at the contract commencement date based on the present value of the future payments over the expected agreement terms. The subscription asset is amortized on a straight-line basis over the life of the contract, and the asset is recognized on the statement of net position with the depreciable capital assets. The subscription liability is calculated based on the present value of the non-cancelable payments over the term of the agreements and is recognized as a subscription liability on the statement of net position.

The details of the subscription-based technology arrangements are as follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
Provox Systems	12/1/2020	\$ 17,530	5.42%	12/1/2025	\$ 6,470
AXON Enterprise, Inc.	1/31/2024	105,155	5.42%	1/31/2028	86,282
AXON Enterprise, Inc.	1/31/2024	51,523	5.42%	1/31/2028	35,170
					<u>127,922</u>

The following represents the future maturities on SBITA liabilities:

Subscription Based It Arrangements

*Governmental Activities:*

2025	\$	31,154	\$	6,930	\$	38,084
2026		32,842		5,242		38,084
2027		31,120		3,464		34,584
2028		32,806		1,778		34,584
	\$	<u>127,922</u>	\$	<u>17,414</u>	\$	<u>145,336</u>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: LONG TERM DEBT** – continued

**Business-Type Activities**

The City makes use of general obligation bonds and certificates of obligation in the business-type activities. A summary of the bonds follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
Combination Tax and Revenues					
Certificates of Obligation Series 2015	4/15/2016	\$ 8,365,000	0 to 2.25%	2/15/2046	\$ 7,740,000
General Obligation Refunding Bonds					
Series 2016	5/1/2016	4,910,000	2.0 to 4.0%	2/15/2035	<u>3,540,000</u>
					<u><u>\$ 11,280,000</u></u>

The following represents the future maturities on these bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Business-type activities:</i>			
2025	\$ 345,000	\$ 298,645	\$ 643,645
2026	355,000	289,445	644,445
2027	370,000	278,377	648,377
2028	380,000	365,387	745,387
2029	395,000	251,859	646,859
2030-2034	2,190,000	1,035,281	3,225,281
2035-2039	2,755,000	658,283	3,413,283
2040-2044	3,135,000	330,088	3,465,088
2045-2049	<u>1,355,000</u>	<u>30,656</u>	<u>1,385,656</u>
	<u>\$ 11,280,000</u>	<u>\$ 3,538,021</u>	<u>\$ 14,818,021</u>

Notes payable are used to acquire equipment needed in the utility operations of the City. A summary of notes payable follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
First Security State Bank	5/17/2023	\$ 384,412	5.42%	5/17/2030	\$ 337,795

The following represents the future maturities on these notes:

<i>Business-type activities:</i>			
2025	\$ 49,143	\$ 18,299	\$ 67,442
2026	51,805	15,637	67,442
2027	54,611	12,831	67,442
2028	57,571	9,871	67,442
2029	60,689	6,753	67,442
2030	<u>63,976</u>	<u>3,466</u>	<u>67,442</u>
	<u>\$ 337,795</u>	<u>\$ 66,857</u>	<u>\$ 404,652</u>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: LONG TERM DEBT** – continued

**Discretely Presented Component Unit**

Notes payable are used to finance asset acquisitions needed in the governmental operations of the District. A summary of notes payable follows:

	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding 9/30/2024</u>
Southside Bank	10/15/2019	\$ 675,000	4.32%	10/15/2039	\$ 556,580
Southside Bank	3/27/2020	500000	3.97%	3/1/2030	322,267
Simmons Bank	11/30/2022	202700	6.65%	11/30/2032	187,785
Southside Bank	7/21/2023	658775	6.70%	7/21/2033	610,415
					<u>\$ 1,677,047</u>

The following represents the future maturities on these notes:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Notes Payable:			
<i>Component Unit: Early</i>			
2025	\$ 144,291	\$ 89,112	\$ 233,403
2026	150,831	82,572	233,403
2027	158,876	74,527	233,403
2028	167,376	66,027	233,403
2029	176,358	57,046	233,404
2030-2034	653,896	146,563	800,459
2035-2039	225,419	30,052	255,471
	<u>\$ 1,677,047</u>	<u>\$ 545,899</u>	<u>\$ 2,222,946</u>

**NOTE 6: RISK FINANCING**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City has purchased commercial insurance to insure against these losses. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**NOTE 7: PENSION PLAN**

**A. Plan Description**

The City of Early participates as one of 936 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 7: PENSION PLAN - continued*

**B. Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City for the plan years 2023 and 2024 were as follows:

Employee deposit rate:	5.0%
Employer deposit rate (2023/2024)	5.71%/5.72%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

**Employees covered by benefit terms**

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>44</u>
Total	72

**C. Contributions**

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

Employees for the City of Early were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Early were 5.71% and 5.72% in calendar years 2023 and 2024 respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$134,140, and were equal to the required contributions.

**D. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 7: PENSION PLAN - continued*

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2023 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 were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with 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 the most recent Scale MP-2021 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, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumptions for Annuity Purchase Rates (APR's) is based on the Mortality Investigation Study covering 2009 to 2011 and dated December 31, 2023. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other public and private markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 7: PENSION PLAN - continued*

Discount Rate

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

<b>Changes in the Net Pension Liability</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balance as 12/31/2022	\$ 3,123,576	\$3,265,386	\$ (141,810)
Changes for the year:			
Service cost	220,227		220,227
Interest	237,379		237,379
Change of benefit terms	345,694		345,694
Difference between expected and actual experience	7,319		7,319
Changes of assumptions	(11,849)		(11,849)
Contributions – employer		84,489	(517,700)
Contributions – employee		104,275	(104,275)
Net Investment Income		376,840	(376,840)
Benefit Payments, including refunds of employee contributions	(125,318)	(125,318)	
Administrative expense		(2,404)	2,404
Other changes		(17)	17
Net Changes	673,452	437,865	235,587
<b>Balance 12/31/2023</b>	<b>\$ 3,797,028</b>	<b>\$ 3,703,251</b>	<b>\$ 93,777</b>

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:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability	\$ 612,655	\$ 93,777	\$(339,663)

Pension Plan Fiduciary Net Position

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



**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

*NOTE 7: PENSION PLAN - continued*

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

For the year ended September 30, 2024, the City recognized pension expense (benefit) of \$425,111.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 17,826	\$ 147,437
Changes in actuarial assumptions	1,277	9,762
Difference between projected and actual investment earnings	290,700	206,488
Contributions subsequent to the measurement date	99,296	
<b>Total</b>	<b>\$ 409,099</b>	<b>\$ 363,687</b>

\$99,296 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2024	(19,977)
2025	(27,920)
2026	35,274
2027	(40,721)
2028	(540)
Thereafter	0
<b>Total</b>	<b>\$ 53,884</b>

*NOTE 8: SUPPLEMENTAL DEATH BENEFITS FUND*

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System known as the Supplemental Death Benefits Fund (SDB). The SDB plan includes coverage for both active and retiree members and assets are comingled for the payment of such benefits. The SDB plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement Number 75. 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 SDB by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8: SUPPLEMENTAL DEATH BENEFITS FUND – continued**

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the SDB:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>44</u>
Total	54

OPEB Liability

The City's total OPEB liability of \$60,694 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.6% to 11.85% including inflation
Discount rate	3.77% per year

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 basis with scale UMP.

Mortality Rates – Disabled Retirees – 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

<b>Changes in the OPEB Liability</b>	<b>Total OPEB Liability (a)</b>
Balance as 12/31/2022	\$ 57,386
Changes for the year:	
Service cost	3,545
Interest on total OPEB liability	2,354
Change of benefit terms	
Difference between expected and actual experience	(3,264)
Changes in assumptions or other inputs	2,758
Benefit Payments	(2,085)
Other changes	
Net Changes	<u>3,308</u>
<b>Balance 12/31/2023</b>	<b><u>\$ 60,694</u></b>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8: SUPPLEMENTAL DEATH BENEFITS FUND – continued**

**Sensitivity of the OPEB Liability to changes in the discount rate**

The following presents the OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's OPEB Liability	71,949	60,694	51,646

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

For the year ended September 30, 2024, the City recognized OPEB expense (benefit) of \$3,552.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	1,526	8,556
Difference between projected and actual investment earnings	11,953	21,546
Contributions subsequent to the measurement date	1,739	
Total	<u>\$ 15,218</u>	<u>\$ 30,102</u>

The deferred outflows balance includes contributions subsequent to the measurement date of \$1,739. This amount will be recognized as a reduction of the OPEB liability for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2024	(2,653)
2025	(2,219)
2026	(2,221)
2027	(4,472)
2028	(3,905)
Thereafter	(1,153)
<b>Total</b>	<b><u>(16,623)</u></b>

**CITY OF EARLY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 9: PRIOR PERIOD ADJUSTMENTS**

The following summary shows the changes in the statement of financial position accounts at October 1, 2023:

	<u>Governmental Activities</u>	<u>General Fund</u>
<b>Governmental Activities - Net Position:</b>		
Beginning Net Position / Fund Balance as of September 30, 2023	\$ 13,874,563	\$ 2,224,144
Right of Use Assets - Leases, net	13,039	
Right of Use Assets - SBITA, net	4,674	
Long-term lease Liabilities	(15,856)	
Long-term SBITA Liabilities	(9,457)	
Grants receivable	44,000	44,000
Restated Net Position / Fund Balance as of September 30, 2023	\$ <u>13,910,963</u>	\$ <u>2,268,144</u>

## SUPPLEMENTAL INFORMATION

**CITY OF EARLY, TEXAS**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE:</b>				
Ad valorem taxes	\$ 925,616	\$ 925,616	\$ 1,036,540	\$ 110,924
Penalty and interest	6,000	6,000	8,029	2,029
City sales tax	1,775,000	1,775,000	2,037,481	262,481
Franchise taxes	147,000	147,000	161,436	14,436
Other taxes	25,000	25,000	22,722	(2,278)
Municipal court revenue	99,504	99,504	195,029	95,525
Fees and permits	24,000	24,000	32,710	8,710
Interest earned	8,050	8,050	93,596	85,546
Grants and contributions	1,161,450	1,761,450	341,960	(1,419,490)
Intergovernmental	239,680	239,680	216,204	(23,476)
Other revenue	43,000	43,000	155,230	112,230
Total Revenue	<u>4,454,300</u>	<u>5,054,300</u>	<u>4,300,937</u>	<u>(753,363)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	515,578	583,078	850,578	(267,500)
Police	1,369,300	1,135,400	1,190,232	(54,832)
Fire	822,508	822,508	803,090	19,418
Street	222,500	222,500	204,355	18,145
Parks and recreation	459,800	459,800	401,773	58,027
Town Center	24,000	24,000	123,712	(99,712)
Capital outlay	584,000	1,197,708	1,320,451	(122,743)
Debt service:				
Principal retired	68,591	68,591	113,142	(44,551)
Interest	8,509	8,509	18,306	(9,797)
Total Expenditures	<u>4,074,786</u>	<u>4,522,094</u>	<u>5,025,639</u>	<u>(503,545)</u>
<b>EXCESS (DEFICIT) OF REVENUES</b>				
OVER EXPENDITURES	\$ 379,514	\$ 532,206	\$ (724,702)	\$ (1,256,908)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	156,678	156,678
Transfers in (out)	<u>(1,413,251)</u>	<u>(1,975,175)</u>	<u>(527,438)</u>	<u>1,447,737</u>
Total other financing sources (uses)	<u>(1,413,251)</u>	<u>(1,975,175)</u>	<u>(370,760)</u>	<u>1,604,415</u>
CHANGE IN FUND BALANCE	(1,033,737)	(1,442,969)	(1,095,462)	347,507
FUND BALANCE AT BEGINNING OF	2,268,144	2,268,144	2,268,144	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,234,407</u>	<u>\$ 825,175</u>	<u>\$ 1,172,682</u>	<u>\$ 347,507</u>

**CITY OF EARLY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND REALTED RATIOS**  
Last 10 years  
**YEARS ENDED DECEMBER 31,**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Total Pension Liability</b>										
Service cost	\$ 76,068	\$ 77,298	\$ 85,449	\$ 97,848	\$ 102,859	\$ 112,583	\$ 127,425	\$ 145,669	\$ 161,788	\$ 220,227
Interest (on the Total Pension Liability)	134,462	137,448	144,460	150,437	159,644	167,170	183,106	199,204	200,962	237,379
Changes of benefit terms	-	-	-	-	-	-	-	-	-	345,694
Difference between expected and actual experience	(38,443)	65,834	(17,783)	946	(50,962)	37,537	47,923	(210,064)	(85,821)	7,319
Change of Assumptions	-	39,029	-	-	-	23,312	-	-	-	(11,849)
Benefit payments, including refunds	<u>(104,621)</u>	<u>(155,478)</u>	<u>(138,668)</u>	<u>(120,905)</u>	<u>(109,767)</u>	<u>(100,034)</u>	<u>(123,856)</u>	<u>(134,306)</u>	<u>(99,345)</u>	<u>(125,318)</u>
<b>Net Change in Total Pension Liability</b>	67,466	164,131	73,458	128,326	101,774	240,568	234,598	503	177,584	673,452
<b>Total Pension Liability - Beginning</b>	<u>1,935,168</u>	<u>2,002,634</u>	<u>2,166,765</u>	<u>2,240,223</u>	<u>2,368,549</u>	<u>2,470,323</u>	<u>2,710,891</u>	<u>2,945,489</u>	<u>2,945,992</u>	<u>3,123,576</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 2,002,634</u>	<u>\$ 2,166,765</u>	<u>\$ 2,240,223</u>	<u>\$ 2,368,549</u>	<u>\$ 2,470,323</u>	<u>\$ 2,710,891</u>	<u>\$ 2,945,489</u>	<u>\$ 2,945,992</u>	<u>\$ 3,123,576</u>	<u>\$ 3,797,028</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	24,193	\$ 26,136	\$ 22,958	\$ 36,808	\$ 39,566	\$ 44,624	\$ 46,946	\$ 58,758	\$ 70,580	\$ 84,489
Contributions - Employee	45,298	45,847	49,108	55,596	58,047	64,114	72,898	81,836	90,892	104,274
Net Investment Income	124,591	3,341	147,478	313,403	(76,207)	379,426	215,545	397,548	(251,345)	376,841
Benefit payments, including refunds	<u>(104,621)</u>	<u>(155,478)</u>	<u>(138,668)</u>	<u>(120,905)</u>	<u>(109,767)</u>	<u>(100,034)</u>	<u>(123,856)</u>	<u>(134,306)</u>	<u>(99,345)</u>	<u>(125,318)</u>
Administrative Expense	<u>(1,301)</u>	<u>(2,037)</u>	<u>(1,667)</u>	<u>(1,625)</u>	<u>(1,474)</u>	<u>(2,146)</u>	<u>(1,396)</u>	<u>(1,841)</u>	<u>(2,182)</u>	<u>(2,404)</u>
Other	<u>(104)</u>	<u>(101)</u>	<u>(90)</u>	<u>(83)</u>	<u>(77)</u>	<u>(65)</u>	<u>(53)</u>	<u>13</u>	<u>2,604</u>	<u>(17)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	88,056	(82,292)	79,119	283,194	(89,912)	385,919	210,084	402,008	(188,796)	437,865
<b>Plan Fiduciary Net Position - Beginning</b>	<u>2,178,006</u>	<u>2,266,062</u>	<u>2,183,770</u>	<u>2,262,889</u>	<u>2,546,083</u>	<u>2,456,171</u>	<u>2,842,090</u>	<u>3,052,174</u>	<u>3,454,182</u>	<u>3,265,386</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 2,266,062</u>	<u>\$ 2,183,770</u>	<u>\$ 2,262,889</u>	<u>\$ 2,546,083</u>	<u>\$ 2,456,171</u>	<u>\$ 2,842,090</u>	<u>\$ 3,052,174</u>	<u>\$ 3,454,182</u>	<u>\$ 3,265,386</u>	<u>\$ 3,703,251</u>
<b>Net Pension Liability - Ending (a)-(b)</b>	<u>\$ (263,428)</u>	<u>\$ (17,005)</u>	<u>\$ (22,666)</u>	<u>\$ (177,534)</u>	<u>\$ 14,152</u>	<u>\$ (131,199)</u>	<u>\$ (106,685)</u>	<u>\$ (508,190)</u>	<u>\$ (141,810)</u>	<u>\$ 93,777</u>
<b>Plan Fiduciary Net Position as a Percentage of</b>										
Total Pension Liability	113.15%	100.78%	101.01%	107.50%	99.43%	104.84%	103.62%	117.25%	104.54%	97.53%
<b>Covered Employee Payroll</b>	<b>\$ 905,956</b>	<b>\$ 916,942</b>	<b>\$ 982,169</b>	<b>\$ 1,111,910</b>	<b>\$ 1,160,934</b>	<b>\$ 1,282,271</b>	<b>\$ 1,457,956</b>	<b>\$ 1,636,725</b>	<b>\$ 1,817,840</b>	<b>\$ 2,085,481</b>
<b>Net Pension Liability as a Percentage of Covered</b>										
Employee Payroll	-29.08%	-1.85%	-2.31%	-15.97%	1.22%	-10.23%	-7.32%	-31.05%	-7.80%	4.50%

**CITY OF EARLY, TEXAS**  
**SCHEDULE OF CHANGES CONTRIBUTIONS AND RELATED RATIOS**  
Last 10 years (will ultimately be displayed)  
FOR THE YEARS ENDED DECEMBER 31

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 25,624	\$ 24,454	\$ 33,384	\$ 38,965	\$ 42,877	\$ 44,687	\$ 56,188	\$ 67,632	\$ 69,245	\$ 99,296
Contributions in relation to the actuarially determined contribution	<u>25,628</u>	<u>24,458</u>	<u>33,388</u>	<u>38,940</u>	<u>42,879</u>	<u>44,687</u>	<u>56,188</u>	<u>67,632</u>	<u>69,246</u>	<u>99,296</u>
Contributions deficiency (excess)	\$ <u>(4)</u>	\$ <u>(4)</u>	\$ <u>(4)</u>	\$ <u>25</u>	\$ <u>(2)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>-</u>
Covered employee payroll	\$ <u>915,231</u>	\$ <u>989,030</u>	\$ <u>1,081,889</u>	\$ <u>1,150,884</u>	\$ <u>1,237,931</u>	\$ <u>1,360,777</u>	\$ <u>1,609,626</u>	\$ <u>1,777,378</u>	\$ <u>1,978,991</u>	\$ <u>2,346,166</u>
Contributions as a percentage of covered payroll	2.80%	2.47%	3.09%	3.38%	3.46%	3.28%	3.49%	3.81%	3.50%	4.23%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

Notes Actuarially determined contribution rates are calculated as of December 31st 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	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market: 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) Pre-retirement: PUB(10) mortality table, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	
Notes	Increased city matching ratio from 1.5 - 1 to 2-1 Increased statutory max to 11.5% due to plan changes



**CITY OF EARLY, TEXAS**  
**SCHEDULE OF OPEB LIABILITY AND RELATED RATIOS**  
Last 10 years (will ultimately be displayed)  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>OPEB Liability</b>							
Service cost	\$ 2,446	\$ 2,902	\$ 2,436	\$ 3,645	\$ 5,401	\$ 6,362	\$ 3,545
Interest on total OPEB liability	1,787	1,828	1,871	1,797	1,604	1,477	2,354
Changes of benefit terms							
Difference between expected and actual experience		(5,080)	(64)	(313)	(7,873)	2,104	(3,264)
Change of Assumptions	4,038	(3,593)	10,675	10,050	2,266	(28,743)	2,758
Benefit payments	<u>(556)</u>	<u>(580)</u>	<u>(641)</u>	<u>(583)</u>	<u>(1,800)</u>	<u>(1,818)</u>	<u>(2,085)</u>
<b>Net Change in OPEB Liability</b>	7,715	(4,523)	14,277	14,596	(402)	(20,618)	3,308
<b>Total OPEB Liability - Beginning</b>	<u>46,341</u>	<u>54,056</u>	<u>49,533</u>	<u>63,810</u>	<u>78,406</u>	<u>78,004</u>	<u>57,386</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 54,056</u>	<u>\$ 49,533</u>	<u>\$ 63,810</u>	<u>\$ 78,406</u>	<u>\$ 78,004</u>	<u>\$ 57,386</u>	<u>\$ 60,694</u>
 Covered Employee Payroll	 \$ 1,111,910	 \$ 1,160,934	 \$ 1,282,271	 \$ 1,457,956	 \$ 1,636,725	 \$ 1,817,840	 \$ 2,085,481
 OPEB Liability as a Percentage of Covered Employee Payroll	 4.86%	 4.27%	 4.98%	 5.38%	 4.77%	 3.16%	 2.91%