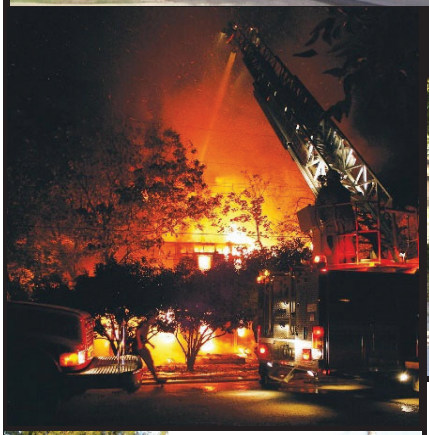

City of Kaufman

Texas

CITY OF KAUFMAN
MUNICIPAL COMPLEX

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2024

CITY OF KAUFMAN, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2024

Issued By:

City Manager
Mike Holder

Director of Finance
Mary Wennerstrom

CITY OF KAUFMAN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2024

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INTRODUCTORY SECTION

March 28, 2025

Citizens of Kaufman, Honorable Mayor Jeff Jordan
Members of the City Council
City of Kaufman, Texas:

The Annual Comprehensive Financial Report (Annual Report) for fiscal year ended September 30, 2024, is hereby submitted as required by § 7.19 of the Kaufman City Charter. This report was prepared through the cooperative effort of the Finance Department and the City's independent auditors. The purpose of this report is to provide the City Council, management, staff, the public, bondholders, and other interested parties information that reflects the City's financial condition and activities of the City government.

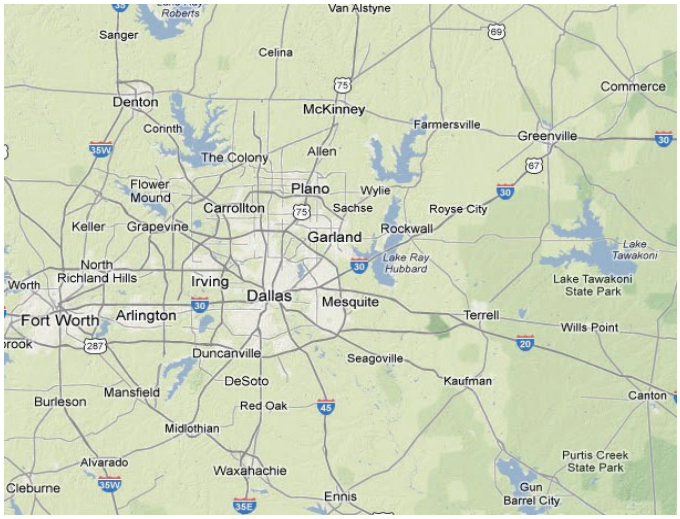
Full responsibility for both the accuracy and reliability of the data contained herein, and the completeness and fairness of the presentation, including all disclosures, rests with City management. The City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner that presents fairly the financial position and activity of the City of Kaufman, Texas. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Beginning with the fiscal year 2003 report, the City complied with Governmental Accounting Standards Board ("GASB") Statement No. 34. In addition to the basic financial statements and supplementary information, you will also find Management's Discussion and Analysis ("MD&A"). The MD&A section of the Annual Report presents only objective information, or currently known facts, known by the City's financial managers as of the date of the auditor's report. The objective is to provide a much broader and detailed analysis of the City's financial condition and operating results. Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Kaufman City Charter requires an annual audit by independent certified public accountants. The accounting firm of YWRD, P.C., Waxahachie, Texas, was selected by the City Council to complete the required audit. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2024, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE GOVERNMENT

Location The City of Kaufman, established in 1853, is located just southeast of the Dallas/Fort Worth Metroplex, in Kaufman County, in the North-Central region of the State of Texas. The Dallas/Fort Worth Metroplex ranks as the top growth area in the State of Texas and one of the top growth areas in the United States. Kaufman currently has a land area of 9 ½ square miles and a population of 9,201 (per Texas Municipal League). The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council. There is no new City Council action planned for additional annexations, but there are areas that could be considered for annexation in the future.



Governmental Structure The City of Kaufman, a Home Rule City, has operated under the Council-Manager form of government since 1987. Policymaking and legislative authority is vested in the City Council, which consists of a Mayor and six council members. The City Council is responsible for passing ordinances, adopting the budget, hiring the City Manager, and appointing the City Secretary, City Judge, and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Council is elected on a non-partisan basis. Council members are elected to two-year staggered terms with three Council members elected every two years. The Mayor is also elected to two-year terms, while all Council members are elected at-large, on a plurality basis.

Services Provided The City of Kaufman provides a full range of municipal services including police and fire protection; water, sewer, and solid waste services; recreational and cultural activities; land planning and zoning/community development; building/code enforcement; and the construction and maintenance of streets and infrastructure. The City also is financially accountable for a legally separate economic development corporation, which is reported separately within the City's financial statements. Additional information on this legally separate entity can be found in ***Note 1*** in the notes to the financial statements.

Mission Statement Our goal is to enhance the quality of life of our citizens by providing a safe, clean environment through efficient delivery of public services.

Budgetary Controls The City maintains acceptable budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, debt service fund, enterprise funds, and the special revenue funds are included in the annual appropriated budget. Project-length budgets are adopted for capital project funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Amendments that would increase or decrease the total appropriations at the department or fund level require approval by the City Council.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Kaufman continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

The opening of Walmart in 2014 created substantial improvement in the City's tax base, and has continuously spurred ongoing new development within that area. From fiscal year 2015 to fiscal year 2024, property values increased by $480.6 million (certified fiscal year 2015, $282,369,877 to certified fiscal year 2024, $762,934,963). As new businesses and residential development continue to open and gain permits surrounding the strip centers near the Walmart development, the State Highway 34 Bypass, and the newly developed Kingsfort Parkway extension, property values have continued to improve and are expected to continue improving into the future.

Sales tax collections substantially improved after the opening of Walmart in 2014, with a 15% increase from fiscal year 2014 through fiscal year 2015, and an average year to year increase of 6.5% from fiscal years 2016 through 2019. Despite previously forecasted impacts of COVID-19, sales tax collections faired extremely well beyond expectations in fiscal years 2020 through 2022, with an average increase of 12%, due to more people staying home and shopping local versus commuting to the Dallas/Fort Worth Metroplex. In fiscal years 2023 and 2024, sales tax increased an average 6.5% each year. Area market indicators continue to point toward positive growth in sales tax for the City of Kaufman beyond fiscal year 2024 due to the ongoing increase in development surrounding the Kingsfort Parkway extension, Walmart, and the State Highway 34 By-pass.

Tax Rates All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2019-2021	0.848650
2020-2021	0.821676
2021-2022	0.799976
2022-2023	0.767976
2023-2024	0.760000

The City continued to monitor revenue and expenditures during the year and make adjustments as necessary. In fiscal year 2024, the City identified the need to develop, recognize, and retain quality staff as a financial and operational stewardship priority, and the need to provide superior fire, police, and emergency services as a priority to be safe and secure, within the City's strategy map. Therefore, the City continued to fund the employee step pay plan with imbedded retention payments occurring at the 5 and 10 year increments across the organization, and included a market adjustment for the Fire Department as well as an adjustment to employees who have reached their step pay plan maximum to encourage retention of tenured employees. In addition, the city added 4 new full-time positions, one Court Clerk, one Maintenance Technician, one Building Inspector (to be hired mid-year), and one Fire-fighter (to be hired mid-year). The City also funded additional park maintenance funds to affect the significant improvements within our park system. Capital Equipment purchased with operating funds in 2024 included a fire rescue tools, a gator for the Parks and Recreation Department, a polymer feed system, two insert valves, and a GIS system for public works. In fiscal year 2024, the City also continued to fund chapter 380 agreement commitments, including KLLM, funded the Texas Municipal Retirement System Consumer Price Index participation at 50% Repeating, funded a 5-year lease of six new vehicles, funded $92,000 Street Maintenance/Rehab (primarily dedicated to curb and sidewalk repair and street sign replacement), and funded $606,005 from the Street Maintenance Fund (from the sales tax reallocation of 1/4 cent Sales Tax to street rehabilitation). Fiscal year 2024, wholesale utility water rates increased 8%, and therefore, retail utility rates were increased 16% to pass through the increased wholesale water utility rate and fund infrastructure improvements, specifically AMI (automatic metering infrastructure). The City also increased sewer retail rates to continue funding infrastructure improvements, specifically at the wastewater treatment plant improvements. The City increased the water volumetric rate from $8.62 to $10.00, and increased the base rate from $19.42 to $22.53. The City increased sewer rates 16%, raising the volumetric sewer rate from $6.31 to $7.32 and increasing the sewer base rate from $19.08 to $22.13. Fiscal Year 2024, the City also continued to fund the Storm Drainage Fund dedicated exclusively to storm drainage improvements, maintaining the rate of $5.00 per ERU (equivalent residential unit). These resources continue to address the most pressing needs on a prioritized and approved basis, based on the Storm Drainage Master Study conducted in 2016.

For several years, the street improvement program included an average allotment of $200,000 for street repair and overlays, until 2016 when the City began issuing General Obligation Bonds designated specifically for Street Bond Projects which included repairs to Houston, Fourth, Austin, Fair, Ninth, Main, & Circle Streets. Phase 1 of the Street Bond Project (Houston, Fourth, Austin, & Fair Streets) was completed in June 2020, and Phase 2 of the Street Bond Project (Ninth, Main, & Circle Streets) was completed in fiscal year 2021. No additional Street Bond Projects were initiated in fiscal year 2024. However, $92,000, was included in the operating budget for street maintenance repairs.

In May of 2019, the citizens of Kaufman voted and approved a sales tax reallocation of 1/4 cent Sales Tax revenue to a street rehabilitation/street maintenance fund. The street maintenance fund was established beginning with the first sales tax revenue payment being deposited in December of 2019. The 2020 Street Maintenance Program began in July of 2020, allocating $356,000 for street rehabilitation in the Windsor Park neighborhood, which was completed in November of 2020. In addition, $408,690 was allocated for fiscal year 2021, which included rehabilitation to the following streets: Hickory, Alton, Monroe, South Jackson, Blain, Coleman, Tabor Parkway at Kingsfort, and Buckingham. Reauthorization of the street maintenance sales tax allocation was approved by voters in 2023, and $565,830 was allocated to rehab the following streets: E. First North, E. Seago, S. Wilson, Kings Fort Parkway, Harper Street, and Bow Street. In 2024, $606,005 was allocated to not only fund additional street maintenance repairs but also service the principal and interest payments related to the $9.4 million, 2023 Certificate of Obligation, as it relates to the Royal and Crestview street improvements projects.

Community Development Issues During fiscal year 2024, a total of 422 building permits were issued with a combined construction value of $50,557,918. New Structures included 41 new building permits with a combined square footage of 301,662 of building area valued at $34,182,861. Included within that number was 4 commercial permits for 21,918 square feet of new building area valued at $6,229,456 and 32 new single family permits for a total of 106,351 square feet valued at $9,807,980, and 5 multifamily permits for a total of 173,393 square feet valued at $18,145,425. Remodel/Repair Structures included 73 remodeling building permits with a combined square footage of 47,055 of building area valued at $5,737,033. Included within that number was 30 commercial permits for 47,055 square feet of new or remodeled building area valued at $5,737,033 and 43 remodel/alteration single family permits. Demolition permits included 2 residential demolition permit valued at $6,000. Also, included were 304 various permits issued for electrical, fences, foundations/approaches, mechanical, plumbing, signs, storage and garages, and swimming pools for a total valuation of $10,722,024.

In 2022 the City issued a Certificate of Obligation in the amount of $4,000,000 for construction, installation and equipment of park and recreational improvements in the City, including parking and related infrastructure; and legal, fiscal and engineering fees in connection with such projects. The City Lakes Park Inclusive Park project was bid out in fiscal year 2024 and construction is expected to be completed in the Summer of 2025.

In 2023, the City issued a Certificate of Obligation in the amount of $9,400,000 for constructing, reconstructing, and improving streets, roads, alleys, bridges and sidewalks including related utility relocation, stormwater, drainage, signalization, landscaping, lighting and signage, and acquiring, constructing, installing and equipping improvements to the City's stormwater and drainage system. Royal and Crestview Reconstruction projects as well as Phillips and 9th Street Drainage projects were bid out in fiscal year 2024 and construction is expected to be completed in the Summer of 2026.

Compensation Plan/Personnel Overall staff budget during fiscal year 2024 was 86 full-time personnel and 5 part-time personnel. Total fiscal year 2024 budgeted payroll with benefits was $7,396,586. A generous benefit package is provided to employees including vacation, holiday, sick pay, and 100% employer paid health insurance plan for employees. The total dollar amount funded by the City per employee/per month for health insurance plans is $700. In fiscal year 2021, an employer-paid flexible spending account (FSA) was established for full-time employees with a max contribution of $2,700. The City also provides for retirement in the Texas Municipal Retirement System (TMRS) to their employees, with a contribution rate of 7% (effective October 2007), two to one match, five year vesting, updated service credits, and a 20-year retirement plan.

Cash Management During the year, temporarily idle cash was invested in demand deposits, certificates of deposit, and TexPool investment pool. The average yield on investments at September 30, 2024 was 2% on pooled bank accounts (93.07% of portfolio), 3.55% on certificates of deposit (5.14% of portfolio) and 5.37% on investment pool (1.79% of portfolio).

The City's investment policy complies with the Public Funds Investment Act. The policy, updated in 2024, is designed to ensure the safety of its principal in the overall portfolio as the foremost objective. Accordingly, deposits are either insured by federal depository insurance or collateralized. The investment policy is reviewed and updated annually, as applicable. The City Council considered proposals for banking services in January 2021. Staff reviewed the proposals and determined the best cost of banking services for the City. As recommended, American National Bank of Texas was awarded the City's depository contract for five years, with a 90 day extension. It is anticipated the city will consider proposals for banking services again in April 2026.

Risk Management The City currently maintains third party insurance coverage to minimize all financial risks. Risk management programs are in place to minimize risk in the areas of workers' compensation, general liability, public officials and employees' liability, police officer liability and property and fleet/equipment liability and damage.

Pension Benefits The City provides pension benefits to all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System, an agent multiple-employment public employee retirement system. The pension plan is administered and accounted for by TMRS rather than by the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kaufman for its annual comprehensive financial report for the fiscal year ended September 30, 2023. The City government has achieved this prestigious award for twenty-six consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the annual comprehensive financial report was made possible by the dedicated services of the entire staff of YWRD, P.C. and the Finance Department of the City of Kaufman, Texas.

In closing, the members of the City Council are to be commended for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Mike Holder
City Manager

Jessie Hanks
City Secretary

Mary Wennerstrom
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kaufman
Texas

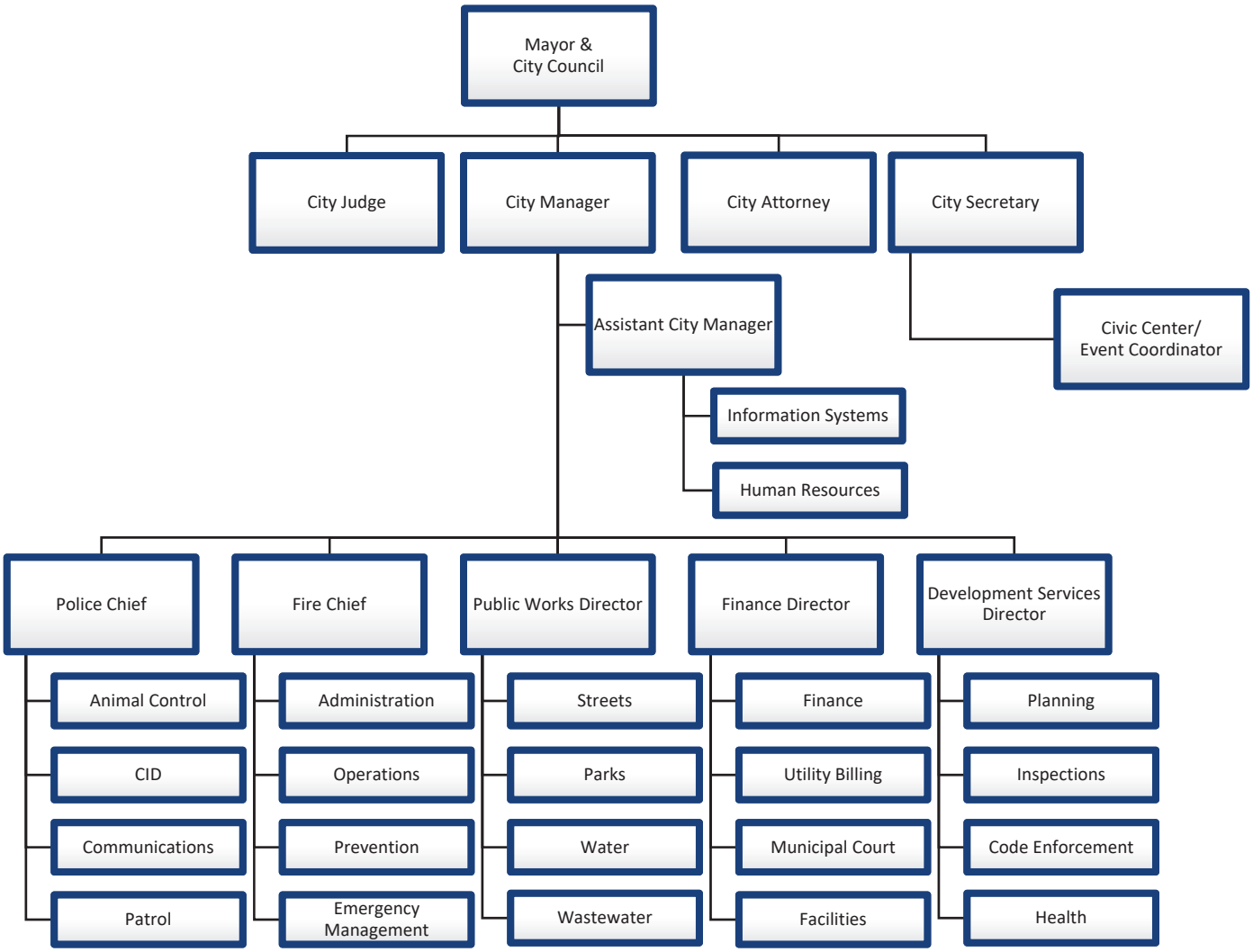
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

CITY OF KAUFMAN ORGANIZATIONAL CHART



CITY OF KAUFMAN, TEXAS
LIST OF ELECTED CITY OFFICIALS AND ADMINISTRATORS
September 30, 2024

ELECTED CITY OFFICIALS

Mayor	Jeff Jordan
Mayor Pro Tem	Matthew Phillips
Council Member	Jason Nelson
Council Member	Ashlea Longenecker
Council Member	Charles Gillenwater
Council Member	Lisa Parker
Council Member	Quattro Borders

ADMINISTRATION

City Manager	Mike Holder
Assistant City Manager	Rachel Balthrop Mendoza
City Secretary	Jessie Hanks
Director of Finance	Mary Wennerstrom

FINANCIAL SECTION

YWRD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of
City of Kaufman, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kaufman, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Kaufman Texas' 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kaufman, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* , issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kaufman, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120
405 Sycamore St. | Waxahachie, Texas 75165
P: 972.878.2611 | www.ywrd.cpa | F: 972.878.2220

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Kaufman, Texas' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kaufman, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* , we have also issued our report dated March 28, 2025, on our consideration of the City of Kaufman, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Kaufman, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kaufman, Texas' internal control over financial reporting and compliance.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Waxahachie, Texas
March 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Kaufman, Texas, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages 2-8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $51,779,995 (*net position*).

- The City's total net position increased by $7,465,973.

- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $15,747,140, an increase of $1,727,653 in comparison with the prior year. Approximately 21.7% of this amount ($3,418,457) is available for spending at the City's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,396,248, or approximately 48.9% of the total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public services and operations, and parks and recreation. The business-type activities of the City include utility and drainage operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements for the component unit are available from the City's Finance Director upon request.

The government-wide financial statements can be found on pages 28-29 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Maintenance, Debt Service, Grants, and Capital Improvements, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the enterprise funds to account for its utility and drainage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund and Drainage fund which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-81 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's Schedule of Revenues and Expenditures - Budget and Actual - General Fund, Street Maintenance and Grants, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios. Required supplementary information can be found on pages 83-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 90-104 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $51,779,995, at the close of the most recent fiscal year.

CITY OF KAUFMAN, TEXAS'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 23,124,572	$ 22,405,755	$ 10,366,032	$ 10,272,935	$ 33,490,604	$ 32,678,690
Capital assets	43,534,408	42,760,056	29,961,451	27,095,630	73,495,859	69,855,686
Total assets	66,658,980	65,165,811	40,327,483	37,368,565	106,986,463	102,534,376
Total deferred outflows of resources	816,914	1,294,748	297,257	451,157	1,114,171	1,745,905
Long term liabilities	36,245,902	38,624,299	18,532,079	19,695,151	54,777,981	58,319,450
Other liabilities	909,013	1,045,522	480,315	483,417	1,389,328	1,528,939
Total liabilities	37,154,915	39,669,821	19,012,394	20,178,568	56,167,309	59,848,389
Total deferred inflows of resources	116,130	88,639	37,200	29,231	153,330	117,870
Net position:						
Net investment in capital assets	23,021,038	21,144,782	16,566,933	13,204,214	39,587,971	34,348,996
Restricted	8,245,105	7,354,300	814,176	718,390	9,059,281	8,072,690
Unrestricted (deficit)	(1,061,294)	(1,796,983)	4,194,037	3,689,319	3,132,743	1,892,336
Total net position	$ 30,204,849	$ 26,702,099	$ 21,575,146	$ 17,611,923	$ 51,779,995	$ 44,314,022

By far, the largest portion of the City's net position (76.5%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City’s total net investment in capital assets increased as capital additions less accumulated depreciation exceeded debt additions less payments.

An additional portion of the City's net position (17.5%) represents resources that are subject to external restrictions on how they may be used.

The City's overall net position increased $7,465,973 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF KAUFMAN, TEXAS'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 1,811,076	$ 1,427,001	$ 6,977,888	$ 6,202,323	$ 8,788,964	$ 7,629,324
Operating grants and contributions	377,068	315,404	-	-	377,068	315,404
Capital grants and contributions	1,798,304	1,455,357	3,385,395	2,056,172	5,183,699	3,511,529
General revenues:						
Property taxes	5,888,414	5,113,297	-	-	5,888,414	5,113,297
Sales taxes	4,428,258	4,153,904	-	-	4,428,258	4,153,904
Franchise taxes	559,625	557,470	-	-	559,625	557,470
Hotel occupancy taxes	39,218	43,731	-	-	39,218	43,731
Alcoholic beverage taxes	38,351	17,759	-	-	38,351	17,759
Investment earnings	139,293	17,097	126,957	13,414	266,250	30,511
Gain (loss) on sale of capital assets	6,000	121,306	-	(253,316)	6,000	(132,010)
Miscellaneous	615,322	322,495	-	-	615,322	322,495
Total revenues	15,700,929	13,544,821	10,490,240	8,018,593	26,191,169	21,563,414
Expenses:						
General government	2,637,169	2,254,744	-	-	2,637,169	2,254,744
Public safety	3,689,184	3,511,560	-	-	3,689,184	3,511,560
Public works	2,251,365	2,970,165	-	-	2,251,365	2,970,165
Public services and operations	919,273	839,985	-	-	919,273	839,985
Parks and recreation	1,339,929	1,261,769	-	-	1,339,929	1,261,769
Interest on long-term debt	1,135,737	1,034,259	-	-	1,135,737	1,034,259
Utility	-	-	6,400,138	5,692,191	6,400,138	5,692,191
Drainage	-	-	352,401	201,339	352,401	201,339
Total expenses	11,972,657	11,872,482	6,752,539	5,893,530	18,725,196	17,766,012
Increase in net position before transfers	3,728,272	1,672,339	3,737,701	2,125,063	7,465,973	3,797,402
Transfers	(225,522)	(1,959,708)	225,522	1,959,708	-	-
Change in net position	3,502,750	(287,369)	3,963,223	4,084,771	7,465,973	3,797,402
Net position - beginning	26,702,099	26,989,468	17,611,923	13,527,152	44,314,022	40,516,620
Net position - ending	$ 30,204,849	$ 26,702,099	$ 21,575,146	$ 17,611,923	$ 51,779,995	$ 44,314,022

Governmental Activities. During the current fiscal year, net position for governmental activities increased $3,502,750 from the prior fiscal year for an ending balance of $30,204,849. Revenues increased $2,156,108. Charges for services, capital grants and contributions, property tax, and sales tax contributed to the majority of the increase. Property taxes revenues benefitted from an increase in taxable values and an increase in the property tax rate. Sales tax benefited from increased economic activity within the City and grants and contributions saw increases due to the receipt contributed infrastructure. Expenses increased $100,175 with increases in personnel expenses being offset by decreases in repairs in maintenance.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in a net increase in net position to an ending balance of $21,575,146. The total increase in net position for business-type activities (water, sewer, and drainage operations) was $3,963,223 or 22.5% of prior fiscal year. This increase was driven by increased capital contributions received in the current year and increased charges for services due to increased rates and water consumption by customer. Total expenses before transfers increased by 15.5%.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2024, the City's governmental funds reported combined fund balances of $15,747,140, an increase of $1,727,653 in comparison with the prior year. Approximately 21.7% of this amount ($3,418,457) constitutes *unassigned fund balance,* which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable* or *restricted* to indicate that it is 1) not in spendable form ($68,136) or 2) restricted for particular purposes ($12,260,547).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,396,248, while total fund balance increased to $4,464,384. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 48.9 percent of total general fund expenditures, while total fund balance represents approximately 49.7 percent of that same amount.

The fund balance of the City's general fund increased by $465,826 during the current fiscal year. Property tax increased approximately 18.5% as a result of an increase in taxable values and an increase in the property tax rate. Sales tax increased approximately 6.6% from increased economic activity within the City. Total expenditures increased 6% from 2023 with the public safety and public works departments increasing 14% and 12%, respectively. This increase was primarily driven by an increase in personnel and professional service costs.

The street maintenance fund, a major fund, had an increase in fund balance during the current year of $283,754 to bring the year end fund balance to $5,118,747. This increase is primarily the result of a decrease in repair and maintenance costs.

The grant fund, a major fund, had a $15,889 decrease in fund balance during the current fiscal year which decreased total fund balance to ($873,535). This decrease is primarily the result of the transfer of funds to the Utility fund for waterline repairs.

The debt service fund, a major fund, had an increase in fund balance during the current year of $167,014 to bring the year end fund balance to $1,075,826. This increase is the result of increased property tax revenues in the current fiscal year.

The capital improvements fund, a major fund, had a $432,779 increase in fund balance during the current fiscal year which increased total fund balance to $4,015,442. This increase is primarily the result of transfers in for capital projects.

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

Unrestricted net position of the Utility fund at the end of the year was $3,697,248. The total increase in net position was $2,867,367. Operating revenues increased in 2024 by $769,213 (13.19%). Operating expenses increased by 11.40% while capital contributions increased $1,310,586.
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Unrestricted net position of the Drainage fund at the end of the year was $474,645. The total increase in net position was $1,095,856. Operating revenues increased in 2024 by $6,352 (1.71%). Operating expenses increased by 75.03% while capital contributions increased $18,637.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the City increased total estimated revenues and transfers in by $685,675. Sales taxes and intergovernmental revenues increased by $115,865 and $262,515, respectively. Licenses and permits decreased by $250,950. Total expenditures were decreased by $360,604 with decreases to general government and public works comprising $307,930 and 210,035 of this decrease, respectively.

Final budget compared to actual results. General budgeted revenues of $11,273,930 exceeded actual revenues of $11,243,645 by $30,285.

Budgeted general fund expenditures of $9,397,481 exceeded actual expenditures of $9,005,632. Following are the main components that experienced a decrease of actual expenditures compared to actual expenditures:

- General government budgeted expenditures exceeded actual by $205,226 primarily due to unspent budgetary reserves.
- Public works budgeted expenditures exceeded actual by $114,888 primarily due to less than expected professional services expenditures.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $73,495,859 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The total increase in capital assets for the current fiscal year was approximately 5.21%.

City of Kaufman, Texas's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 2,909,350	$ 2,909,350	$ 328,395	$ 328,395	$ 3,237,745	$ 3,237,745
Construction in progress	601,790	719,474	1,579,188	570,780	2,180,978	1,290,254
Buildings	12,166,729	12,128,461	4,016,635	3,951,909	16,183,364	16,080,370
Improvements	-	-	23,310,277	21,668,777	23,310,277	21,668,777
Machinery and equipment	707,890	658,720	538,777	416,415	1,246,667	1,075,135
Infrastructure	25,987,524	25,263,909	-	-	25,987,524	25,263,909
Leased machinery and equipment	1,161,125	1,080,142	188,179	146,815	1,349,304	1,226,957
Leased building	-	-	-	12,539	-	12,539
Total	$ 43,534,408	$ 42,760,056	$ 29,961,451	$ 27,095,630	$ 73,495,859	$ 69,855,686

Major capital asset events during the current fiscal year included the following:

- Construction in progress additions of approximately $1,692,000 consisting of street improvements, water and sewer improvements, and drainage improvements.
- Approximately $801,000 of construction in progress was completed during the year.
- Building additions of approximately $877,000.
- Improvements of approximately $2,890,000 for water and sewer lines and drainage improvements.
- Machinery and equipment additions of approximately $438,000.
- Infrastructure additions of approximately $1,842,000.
- Leased machinery and equipment additions of approximately $387,000.

Additional information on the City's capital assets can be found in Note 3.G on pages 52-53 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long-term debt outstanding of $51,229,558.

City of Kaufman, Texas's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Certificates of obligation	$ 12,115,000	$ 12,630,000	$ 14,640,000	$ 15,365,000	$ 26,755,000	$ 27,995,000
General obligations bonds	10,450,000	10,785,000	215,000	345,000	10,665,000	11,130,000
Pass through bonds	5,625,000	5,985,000	-	-	5,625,000	5,985,000
Notes payable	4,705,497	5,347,468	2,312,783	2,421,433	7,018,280	7,768,901
Development agreements payable	-	-	45,000	60,000	45,000	60,000
Leases	936,140	880,000	185,138	152,703	1,121,278	1,032,703
Total	$ 33,831,637	$ 35,627,468	$ 17,397,921	$ 18,344,136	$ 51,229,558	$ 53,971,604

The City's total debt decreased by $2,742,046 (5.1 percent) during the current fiscal year. The reason for the decrease is primarily the result of scheduled debt payments exceeding new debt issues.

The City's General Obligation and Combination Tax and Revenue Certificates of Obligation ratings are listed below.

	Moody's	Standard's & Poor's
General Obligation Bonds	A1	A+/AA
Certificates of Obligation	A1	A+/AA

Several of the City's Bonds are insured thus holding an AAA (insured) credit rating from both Moody’s Investors Service and Standard & Poor’s.

Additional information on the City's long term-debt can be found in Note 3.M on pages 60-67 of this report.

Economic Factors and Next Year’s Budgets and Rates

In the fiscal year 2025 budget, the General Fund revenues are budgeted to increase by $638,615 or 5.7% from the fiscal year 2024 budget. General property taxes, currently the largest revenue source for the General Fund, make up about $4,289,590 or 36.2% of anticipated general fund revenues. Property values show an increase of $78,054,265 or 10.23% over the prior year primarily as a result of the overall improvement in the local economy, home values, and an increase in the number of new homes and businesses, including Georgetown at Kingsfort Development, Kingsfort business corridor expansion, Jiffy Lube, Burger King, Starbucks, Panda Express, Schlotzsky's, HTeaO, Konny's Car Wash, Wings, T-Mobile, and Verizon Wireless. This increase is part of a trend the City has experienced over the last five years, strengthening what the City identifies as a turn-around in appraised values locally. The City Council adopted the tax rate of $0.7595000 per $100 assessed valuation which is a decrease to the prior year's rate. The debt service portion of the tax rate decreased by $0.0229590, from $0.2619847 to $0.2390258 per $100 of net assessed valuation. The maintenance and operations portion of the tax rate increased by $0.0224590, from $0.4980153 to $0.5204742 per $100 assessed valuation.

Sales tax, currently the second largest revenue source for the General Fund, is budgeted at $3,840,370, or 32.4% of anticipated General Fund revenue. Wal-Mart, along with continued construction and opening of several new retail outlets along the Kingsfort business corridor continues to positively impact sales tax revenue.

Other major revenue sources include $3,565,000 from water sales, $2,481,755 from sewer services, and $694,355 from franchise agreements. In fiscal year 2025, several capital improvement projects were needed to maintain healthy, safe water and wastewater services, including a Northeast Utility Infrastructure Project and several waste water treatment plant improvements. The City also incurred a 4.3% increase in the wholesale water rate, which substantiated the need to increase retail utility rates. Water utility rates were increased 5%, increasing the volumetric rate $0.50 from $10.00 to $10.50, increasing the base/fixed rate $1.13 from $22.53 to $23.66, and senior rates were increased 5%. Sewer rates were increased by 5%, increasing the volumetric rate $0.37 from $7.32 to $7.69 increasing the base/fixed rate $1.11 from $22.13 to $23.24, and senior rates were increased 5%. Storm Drainage fees were increased $1.00 per ERU, from $5.00 per ERU to $6.00 per ERU per month.

The fiscal year 2025 budget adopted by the City Council includes an increase of $574,155 or 5.1% in the expenditures in the General Fund operating budget and an increase of $480,345 or 7.9% in the business-type fund operating budget when compared to previous year's budget. The 2025 budget includes continuing of the structured, modified step pay plan with imbedded retention payments occurring at 5 and 10 year increments, to include one additional step on 10/1/2024 and one step on each employee's anniversary date. In addition, the city added one new full-time firefighter position to be hired mid-year. Fiscal year 2025, also continued to fund chapter 380 agreement commitments, including KLLM and South Pointe Development, funded the Texas Municipal Retirement System Consumer Price Index participation at 50% Repeating, and funded a 5-year lease of 3 public works' vehicles and one police department vehicle. In addition the city funded additional park maintenance funds to affect significant improvements within our park system, $137,000 in Street Maintenance/Rehab (primarily dedicated to curb and sidewalk repair and sign replacement), $640,000 from the Street Maintenance Fund (from the sales tax reallocation of 1/4 penny Sales Tax to street rehabilitation). The city also continued to fund significant street reconstruction, storm drainage improvements, water and sewer infrastructure improvements, and park project improvements within Kings Fort Park, Sports Complex, and City Lakes Park.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 209 S. Washington, Kaufman, Texas 75142.

BASIC FINANCIAL STATEMENTS

CITY OF KAUFMAN, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Kaufman Economic Development Corporation
ASSETS				
Cash and cash equivalents	$ 17,095,719	$ 3,415,868	$ 20,511,587	$ 1,419,166
Receivables (net of allowance for uncollectibles)	1,320,496	1,063,072	2,383,568	70,000
Intergovernmental receivables	5,731,263	61,500	5,792,763	-
Due from component unit	600,000	-	600,000	-
Due from primary government	-	-	-	94,638
Internal balances	(1,691,042)	1,691,042	-	-
Inventories	-	158,243	158,243	-
Prepaid items	68,136	13,057	81,193	159
Restricted cash and cash equivalents	-	3,963,250	3,963,250	-
Capital assets:				
Non-depreciable	3,511,140	1,907,583	5,418,723	3,295,412
Depreciable (net of accumulated depreciation)	40,023,268	28,053,868	68,077,136	1,089
Total Assets	66,658,980	40,327,483	106,986,463	4,880,464
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	34,355	34,355	-
Deferred outflows of resources related to pension	806,939	259,736	1,066,675	-
Deferred outflows of resources related to OPEB	9,975	3,166	13,141	-
Total Deferred Outflows of Resources	816,914	297,257	1,114,171	-
LIABILITIES				
Accounts payable	388,828	186,446	575,274	32,579
Accrued payroll payable	117,940	30,924	148,864	-
Accrued interest payable	138,836	64,186	203,022	173,646
Customer deposits payable	12,522	136,984	149,506	-
Due to component unit	94,638	-	94,638	-
Unearned revenue	156,249	-	156,249	1,500
Liabilities payable from restricted assets	-	61,775	61,775	-
Noncurrent liabilities:				
Due within one year	1,957,134	1,097,883	3,055,017	103,374
Due in more than one year	34,288,768	17,434,196	51,722,964	3,248,946
Total Liabilities	37,154,915	19,012,394	56,167,309	3,560,045
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension	76,795	24,141	100,936	-
Deferred inflows of resources related to OPEB	39,335	13,059	52,394	-
Total Deferred Inflows of Resources	116,130	37,200	153,330	-
NET POSITION				
Net investment in capital assets	23,021,038	16,566,933	39,587,971	544,181
Restricted for:				
General government	301,850	-	301,850	-
Infrastructure improvements	-	605,455	605,455	-
Public safety	87,172	-	87,172	-
Public works	6,751,069	-	6,751,069	-
Parks and recreation	29,188	-	29,188	-
Debt service	1,075,826	208,721	1,284,547	275,000
Economic development	-	-	-	501,238
Unrestricted	(1,061,294)	4,194,037	3,132,743	-
Total Net Positior	$ 30,204,849	$ 21,575,146	$ 51,779,995	$ 1,320,419

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

CITY OF KAUFMAN, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Kaufman Economic Development Corporation
Function/Programs:								
Primary government:								
Governmental activities:								
General government	$ 2,637,169	$ 1,057,807	$ 319,228	$ -	$ (1,260,134)	$ -	$ (1,260,134)	$ -
Public safety	3,689,184	161,288	57,840	-	(3,470,056)	-	(3,470,056)	-
Public works	2,251,365	498,526	-	1,741,362	(11,477)	-	(11,477)	-
Public services and operations	919,273	-	-	-	(919,273)	-	(919,273)	-
Parks and recreation	1,339,929	93,455	-	56,942	(1,189,532)	-	(1,189,532)	-
Interest on long-term debt	1,135,737	-	-	-	(1,135,737)	-	(1,135,737)	-
Total governmental activities	11,972,657	1,811,076	377,068	1,798,304	(7,986,209)	-	(7,986,209)	-
Business-type activities:								
Utility	6,400,138	6,599,986	-	2,314,222	-	2,514,070	2,514,070	-
Drainage	352,401	377,902	-	1,071,173	-	1,096,674	1,096,674	-
Total business-type activities	6,752,539	6,977,888	-	3,385,395	-	3,610,744	3,610,744	-
Total primary government	$ 18,725,196	$ 8,788,964	$ 377,068	$ 5,183,699	(7,986,209)	3,610,744	(4,375,465)	-
Component unit:								
Kaufman Economic Development Corporation	$ 484,829	$ -	$ 80	$ -				(484,749)
Interest on long-term debt	225,967	-	-	-				(225,967)
Total component unit	$ 710,796	$ -	$ 80	$ -				(710,716)
General revenues:								
Property taxes					5,888,414	-	5,888,414	-
Sales taxes					4,428,258	-	4,428,258	632,608
Franchise taxes					559,625	-	559,625	-
Hotel occupancy taxes					39,218	-	39,218	-
Alcoholic beverage taxes					38,351	-	38,351	-
Investment earnings					139,293	126,957	266,250	43,851
Gain (loss) on sale of capital asset					6,000	-	6,000	-
Miscellaneous					615,322	-	615,322	3,686
Transfers					(225,522)	225,522	-	-
Total general revenues and transfers					11,488,959	352,479	11,841,438	680,145
Change in net position					3,502,750	3,963,223	7,465,973	(30,571)
Net position - beginning					26,702,099	17,611,923	44,314,022	1,350,990
Net position - ending					$ 30,204,849	$ 21,575,146	$ 51,779,995	$ 1,320,419

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

CITY OF KAUFMAN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Street Maintenance	Grants	Debt Service	Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 5,420,142	$ 5,109,777	$ 36	$ 1,061,310	$ 3,467,897	$ 2,036,557	$ 17,095,719
Receivables (net of allowance for uncollectibles)	1,187,866	-	-	113,614	-	19,016	1,320,496
Intergovernmental receivables	-	-	814,787	4,916,476	-	-	5,731,263
Due from component unit	600,000	-	-	-	-	-	600,000
Due from other funds	877,470	109,270	-	-	553,435	-	1,540,175
Prepaid items	68,136	-	-	-	-	-	68,136
Total assets	$ 8,153,614	$ 5,219,047	$ 814,823	$ 6,091,400	$ 4,021,332	$ 2,055,573	$ 26,355,789
LIABILITIES							
Accounts payable	$ 277,409	$ 100,300	$ -	$ 400	$ 5,890	$ 4,829	$ 388,828
Accrued payroll payable	117,728	-	-	-	-	212	117,940
Due to other funds	2,253,390	-	873,571	-	-	104,256	3,231,217
Due to component unit	94,638	-	-	-	-	-	94,638
Customer deposits payable	12,522	-	-	-	-	-	12,522
Unearned revenue	156,249	-	-	-	-	-	156,249
Total liabilities	2,911,936	100,300	873,571	400	5,890	109,297	4,001,394
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	177,294	-	-	98,698	-	-	275,992
Unavailable revenue-grants	-	-	814,787	-	-	-	814,787
Unavailable revenue-other	600,000	-	-	4,916,476	-	-	5,516,476
Total deferred inflows of resources	777,294	-	814,787	5,015,174	-	-	6,607,255
FUND BALANCES							
Nonspendable:							
Prepaid items	68,136	-	-	-	-	-	68,136
Restricted:							
Capital projects	-	-	-	-	4,015,442	-	4,015,442
General government	-	-	-	-	-	301,850	301,850
Public safety	-	-	-	-	-	87,172	87,172
Public works	-	5,118,747	-	-	-	1,632,322	6,751,069
Public service and operations	-	-	-	-	-	29,188	29,188
Debt service	-	-	-	1,075,826	-	-	1,075,826
Unassigned	4,396,248	-	(873,535)	-	-	(104,256)	3,418,457
Total fund balances	4,464,384	5,118,747	(873,535)	1,075,826	4,015,442	1,946,276	15,747,140
Total liabilities, deferred inflows of resources, and fund balances	$ 8,153,614	$ 5,219,047	$ 814,823	$ 6,091,400	$ 4,021,332	$ 2,055,573	$ 26,355,789

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

CITY OF KAUFMAN, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2024

Amounts reported for governmental activities in the statement of net position (page 28) are different because:

Total fund balances - governmental funds (page 30)		$ 15,747,140
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Non-depreciable	$ 3,511,140	
Depreciable (net of accumulated depreciation)	40,023,268	43,534,408
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Unavailable revenue-property taxes	275,992	
Unavailable revenue-grants	814,787	
Unavailable revenue-other	5,516,476	6,607,255
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflows of resources related to pension	806,939	
Deferred outflows of resources related to OPEB	9,975	816,914
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(138,836)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	(1,957,134)	
Due in more than one year	(34,288,768)	(36,245,902)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows of resources related to pension	(76,795)	
Deferred inflows of resources related to OPEB	(39,335)	(116,130)
Net position of governmental activities (page 28)		$ 30,204,849

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

CITY OF KAUFMAN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2024

	General	Street Maintenance	Grants	Debt Service	Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 3,605,064	$ -	$ -	$ 1,983,923	$ -	$ -	$ 5,588,987
Sales taxes	3,795,651	632,607	-	-	-	-	4,428,258
Franchise taxes	559,625	-	-	-	-	-	559,625
Hotel occupancy taxes	-	-	-	-	-	39,218	39,218
Alcoholic beverage taxes	38,351	-	-	-	-	-	38,351
Licenses and permits	1,057,807	-	-	-	-	-	1,057,807
Fines and forfeitures	149,366	-	-	-	-	11,922	161,288
Charges for services	591,981	-	-	-	-	-	591,981
Investment earnings	53,703	66,041	-	-	8,974	10,575	139,293
Miscellaneous	184,552	2,416	-	-	-	428,354	615,322
Intergovernmental	278,033	-	57,840	919,285	-	141,227	1,396,385
Contributions and donations	56,942	-	-	-	-	-	56,942
Total revenues	10,371,075	701,064	57,840	2,903,208	8,974	631,296	14,673,457
EXPENDITURES							
Current:							
General government	2,007,699	-	-	-	-	535,329	2,543,028
Public safety	3,593,631	-	3,372	-	-	29,031	3,626,034
Public works	1,203,242	100,300	-	-	-	-	1,303,542
Public services and operations	714,624	-	-	-	-	46,989	761,613
Parks and recreation	1,143,760	-	-	-	-	-	1,143,760
Debt service:							
Principal retirement	268,257	-	-	1,851,971	-	-	2,120,228
Interest and fiscal charges	54,858	-	-	1,114,753	-	-	1,169,611
Capital outlay:							
Public works	-	-	-	-	382,863	-	382,863
Total expenditures	8,986,071	100,300	3,372	2,966,724	382,863	611,349	13,050,679
Excess (deficiency) of revenues over (under) expenditures	1,385,004	600,764	54,468	(63,516)	(373,889)	19,947	1,622,778
OTHER FINANCING SOURCES (USES)							
Transfers in	388,712	-	30,000	417,010	806,668	377,222	2,019,612
Transfers out	(1,313,890)	(317,010)	(100,357)	(510,877)	-	(3,000)	(2,245,134)
Financed purchases issued	-	-	-	324,397	-	-	324,397
Sale of capital assets	6,000	-	-	-	-	-	6,000
Total other financing sources (uses)	(919,178)	(317,010)	(70,357)	230,530	806,668	374,222	104,875
Net change in fund balances	465,826	283,754	(15,889)	167,014	432,779	394,169	1,727,653
Fund balances-beginning, as restated	3,998,558	4,834,993	(857,646)	908,812	3,582,663	1,552,107	14,019,487
Fund balances-ending	$ 4,464,384	$ 5,118,747	$ (873,535)	$ 1,075,826	$ 4,015,442	$ 1,946,276	$ 15,747,140

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

CITY OF KAUFMAN, TEXAS

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

For the Fiscal Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net Change in Fund Balances - total governmental funds (page 32)		$ 1,727,653
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		986,833
The net effect of various miscellaneous transactions involving capital assets (i.e., capital contributions) is to increase net position.		
Capital contributions		1,741,362
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(1,953,843)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Certificates of obligation retirement	$ 515,000	
General obligation bonds retirement	335,000	
Pass through bond retirement	360,000	
Amortization of bond premiums/discounts	26,583	
Note payable retirement	641,971	
Lease liabilities issued	(324,397)	
Lease liabilities retirement	268,257	1,822,414
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		7,294
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(879,621)
Pension and OPEB contributions are recorded as expenditures in the governmental funds. However, in the statement of activities, these contributions are converted to the full accrual pension and OPEB amounts.		
Deferred outflows/inflows of resources related to pension	(519,274)	
Deferred outflows/inflows of resources related to pension OPEB	13,949	(505,325)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(4,435)	
Net pension liability	573,246	
OPEB liability	(12,828)	555,983
Change in net position of governmental activities (page 29)		$ 3,502,750

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

CITY OF KAUFMAN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Business-type Activities - Enterprise		
	Utility	Drainage	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 3,133,576	$ 282,292	$ 3,415,868
Restricted cash and cash equivalents	61,775	-	61,775
Receivables (net of allowance for uncollectibles)	1,031,894	31,178	1,063,072
Intergovernmental receivables	61,500	-	61,500
Due from other funds	100,357	1,590,685	1,691,042
Inventories	158,243	-	158,243
Prepaid items	13,057	-	13,057
Total current assets	4,560,402	1,904,155	6,464,557
Noncurrent Assets:			
Restricted cash and cash equivalents	3,901,475	-	3,901,475
Capital assets (net, where applicable of accumulated depreciation)	19,544,978	10,416,473	29,961,451
Total noncurrent assets	23,446,453	10,416,473	33,862,926
Total assets	28,006,855	12,320,628	40,327,483
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	34,355	-	34,355
Deferred outflows of resources related to pension	259,736	-	259,736
Deferred outflows of resources related to OPEB	3,166	-	3,166
Total deferred outflows of resources	297,257	-	297,257
LIABILITIES			
Current Liabilities:			
Accounts payable	186,446	-	186,446
Accrued payroll payable	30,924	-	30,924
Compensated absences	28,859	-	28,859
Customer deposits payable	136,984	-	136,984
Bonds payable	590,000	310,000	900,000
Note payable	111,312	-	111,312
Lease liabilities	41,382	-	41,382
Development agreement payable	15,000	-	15,000
Accrued interest payable	36,412	27,774	64,186
OPEB liability	1,330	-	1,330
Current liabilities payable from restricted assets:			
Accounts payable	61,775	-	61,775
Total current liabilities	1,240,424	337,774	1,578,198
Noncurrent Liabilities:			
Bonds payable	7,244,807	7,254,193	14,499,000
Note payable	2,201,471	-	2,201,471
Lease liabilities	143,756	-	143,756
Development agreement payable	30,000	-	30,000
Net pension liability	511,189	-	511,189
OPEB liability	48,780	-	48,780
Total noncurrent liabilities	10,180,003	7,254,193	17,434,196
Total liabilities	11,420,427	7,591,967	19,012,394
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	24,141	-	24,141
Deferred inflows of resources related to OPEB	13,059	-	13,059
Total deferred inflows of resources	37,200	-	37,200
NET POSITION			
Net investment in capital assets	12,288,904	4,278,029	16,566,933
Restricted for infrastructure improvements	605,455	-	605,455
Restricted for debt service	208,721	-	208,721
Unrestricted	3,743,405	450,632	4,194,037
Total net position	$ 16,846,485	$ 4,728,661	$ 21,575,146

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

CITY OF KAUFMAN, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended September 30, 2024

	Business-type Activities - Enterprise		
	Utility	**Drainage**	**Total Enterprise Funds**
Operating revenues:			
Water revenue	$ 4,050,535	$ -	$ 4,050,535
Sewer revenue	2,452,505	-	2,452,505
Drainage revenue	-	376,694	376,694
Rental	26,000	-	26,000
Miscellaneous	70,946	1,208	72,154
Total operating revenues	6,599,986	377,902	6,977,888
Operating expenses:			
Personnel services	1,568,602	-	1,568,602
Supplies and materials	139,435	-	139,435
Maintenance and repair	459,812	-	459,812
Contractual services	2,301,319	-	2,301,319
Depreciation and amortization	1,378,965	352,401	1,731,366
Total operating expenses	5,848,133	352,401	6,200,534
Operating income	751,853	25,501	777,354
Nonoperating revenue (expenses):			
Investment earnings	95,022	31,935	126,957
Interest expense	(344,877)	(207,128)	(552,005)
Total nonoperating revenue (expenses)	(249,855)	(175,193)	(425,048)
Income before contributions and transfers	501,998	(149,692)	352,306
Capital contributions	2,314,222	1,071,173	3,385,395
Transfer in	100,357	186,480	286,837
Transfer out	(49,210)	(12,105)	(61,315)
Change in net position	2,867,367	1,095,856	3,963,223
Net position-beginning	13,979,118	3,632,805	17,611,923
Net position-ending	$ 16,846,485	$ 4,728,661	$ 21,575,146

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

CITY OF KAUFMAN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2024

	Business-type Activities - Enterprise		
	Utility	Drainage	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 6,445,208	$ 376,942	$ 6,822,150
Payments to suppliers and service providers	(2,935,053)	-	(2,935,053)
Payments to employees for salaries and benefits	(1,597,057)	-	(1,597,057)
Net cash provided by (used for) operating activities	1,913,098	376,942	2,290,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	100,357	186,480	286,837
Transfers to other funds	(49,210)	(12,105)	(61,315)
Net cash provided by (used for) noncapital financing activities	51,147	174,375	225,522
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,478,001)	(267,535)	(1,745,536)
Capital contributions	446,405	-	446,405
Principal paid on bond maturities	(575,000)	(280,000)	(855,000)
Interest and fiscal charges paid on bonds	(275,625)	(227,049)	(502,674)
Principal paid on note payable	(108,650)	-	(108,650)
Interest paid on note payable	(59,325)	-	(59,325)
Principal paid on development agreement	(15,000)	-	(15,000)
Principal paid on leased assets	(49,727)	-	(49,727)
Interest paid on leased assets	(13,786)	-	(13,786)
Net cash provided by (used for) capital and related financing activities	(2,128,709)	(774,584)	(2,903,293)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	95,022	31,935	126,957
Net cash provided by investing activities	95,022	31,935	126,957
Net increase (decrease) in cash and cash equivalents	(69,442)	(191,332)	(260,774)
Cash and cash equivalents October 1 (including $4,201,782 reported in restricted accounts)	7,166,268	473,624	7,639,892
Cash and cash equivalents September 30 (including $3,963,250 reported in restricted accounts)	$ 7,096,826	$ 282,292	$ 7,379,118
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 751,853	$ 25,501	$ 777,354
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,378,965	352,401	1,731,366
(Increase) decrease in accounts receivable	(161,843)	(960)	(162,803)
(Increase) decrease in due from other funds	(100,357)	-	(100,357)
(Increase) decrease in inventory	(20,383)	-	(20,383)
(Increase) decrease in prepaid items	(8,829)	-	(8,829)
(Increase) decrease in pension related deferred outflows/inflows	152,981	-	152,981
(Increase) decrease in OPEB related deferred outflows/inflows	(3,995)	-	(3,995)
Increase (decrease) in accounts payable	95,082	-	95,082
Increase (decrease) in accrued payroll payable	4,785	-	4,785
Increase (decrease) in compensated absences	1,687	-	1,687
Increase (decrease) in customer deposits	7,065	-	7,065
Increase (decrease) in net pension liability	(187,534)	-	(187,534)
Increase (decrease) in net OPEB liability	3,621	-	3,621
Total adjustments	1,161,245	351,441	1,512,686
Net cash provided by (used for) operating activities	$ 1,913,098	$ 376,942	$ 2,290,040
Schedule of non-cash transactions:			
Capital assets purchased on account	$ 61,775	$ -	$ 61,775
Capital contributions	$ 1,806,317	$ 1,071,173	$ 2,877,490
Capital asset added with lease payable	$ 82,162	$ -	$ 82,162

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities,* which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Kaufman, Texas (the "City") was incorporated in 1853, and operates under a Council-Manager form of government. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

Discretely presented component unit. The Corporation described below is included in the City's reporting entity because the City appoints the governing body and the Corporation is fiscally dependent on the City. The Corporation is reported as a discretely presented component unit since the governing body is not substantively the same as the governing body of the City, and they provides services to the citizens of Kaufman and the surrounding area as opposed to only the primary government. To emphasize that it is separate from the City, it is reported in a separate column in the financial statements.

The *Kaufman Economic Development Corporation* (the "Corporation") is responsible for collecting and disbursing the one-half percent sales tax to be used for economic development within the City. The members of the Corporation's board are appointed by the City. The City can impose its will on the Corporation by significantly influencing the program, projects, activities, or level of service performed by the Corporation. The Corporation is presented as a governmental fund type and has a September 30 year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting entity (continued)

Separately issued financial reports are available for the Corporation. This report may be obtained by contacting the following office.

City of Kaufman
209 S. Washington
Kaufman, Texas 75142

C. Basis of presentation – government-wide financial statements

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

As discussed earlier, the City has a discretely presented component unit. The Economic Development Corporation is considered to be a major component unit and is shown in a separate column in the government-wide financial statements.

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

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *street maintenance fund* accounts for the 1/4 cent Street Maintenance Tax revenues and expenditures devoted to street repair, mill and overlay, and reconstruction projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

The grants fund is used to account for grants received from the federal, state and local governments for the enhancement of public safety activities.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital improvements fund* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The City reports the following major enterprise fund:

The *utility fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

The *drainage fund* accounts for the drainage operations that are to be self-supporting through user charges.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgetary information

1. *Budgetary basis of accounting*

Annual budgets are adopted on a budgetary basis for the general fund, debt service fund, special revenue funds and utility funds. Project-length budgets are adopted for capital project funds. Appropriations in all budgeted funds lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

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

2. *Investments*

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pools managing the assets, providing participant services, and arranging for all custody and other functions in support of the pools operations under a contract with the Comptroller.

TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a $1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool , like its participants, is governed by the Texas Public Funds Investment Act, and is in full compliance with the Act.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

3. *Restricted assets*

Certain proceeds of the City's enterprise funds general obligation bonds are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "infrastructure improvements" account is used to segregate resources from impact fees for infrastructure improvements.

4. *Inventories and prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10-50
Improvements	7-30
Machinery and equipment	5-15
Infrastructure	30-50
Leased machinery and equipment	7
Leased buildings	3

6. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in this year's financial statements include (1) deferred outflows of resources for contributions made to the City's defined benefit pension plan and OPEB plan between the measurement date of the net pension liabilities from that plan and the end of the City's fiscal year, (2) a deferred outflow of resources related to changes in actuarial experience of the City's defined benefit pension plan and OPEB plan, and (3) deferred charge on refunding. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. Deferred outflows of resources for the difference between expected and actual experience data is attributed to pension expense over a total of 3.19 years and OPEB expense over a total of 1.00 year. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. No deferred outflows of resources affect the governmental funds financial statements in the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources.* This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the City's various statements of net position for (1) the difference between expected and actual experience data used by the actuary for the pension and OPEB plan, (2) deferred inflows of resources related to the changes in actuarial assumptions for the City's pension and OPEB plan, and (3) a deferred inflow of resources related to the differences between the projected and actual investment earnings for the City's multiple-employer defined benefit pension plan. Deferred inflows of resources for the difference between expected and actual experience data is attributed to pension expense over a total of 1.27 years and OPEB expense over a total of 4.35 years. Deferred inflows of resources for changes in actuarial assumptions is attributed to OPEB expense over a period of 5.44 years. The differences between the projected and actual investment earnings are attributed to pension expense over a total of 5 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenue from property taxes and grants are reported in the governmental funds balance sheet.

7. *Leases*

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

9. *Net position flow assumption*

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

Unrestricted net position —This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

10. *Fund balance flow assumption*

The governmental fund financial statements present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance —amounts that are not in spendable form (such as inventories and prepaid items) or are required to be maintained intact.

Restricted fund balance —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance —amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance.

Assigned fund balance —amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has delegated this authority to the City Manager.

Unassigned fund balance— amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

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

It is the long-term goal of the City to maintain a minimum unassigned fund balance in the General Fund equal to three months of the annually budgeted expenditures. The City will appropriate one percent (1%) of each year's General Fund budgeted expenditures until the identified goal is met.

11. *Deficit fund balance*

As of September 30, 2024, the Grants fund, a major governmental fund, has a deficit fund balance of $873,535. The deficit fund balance will be covered with the collections of intergovernmental revenues.

As of September 30, 2024, the Court Technology fund, a nonmajor governmental fund, has a deficit fund balance of $8,870. The deficit fund balance will be covered with the collections of fines and forfeitures.

As of September 30, 2024, the Tax Increment Reinvestment Zone fund, a nonmajor governmental fund, has a deficit fund balance of $95,386. The deficit fund balance will be covered with the collections of property tax.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses

1. *Program revenues*

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

2. *Property taxes*

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Kaufman County Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Kaufman County Tax Assessor/Collector bills and collects the City's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

3. *Compensated absences*

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Vacation leave shall be taken during the year following its accumulation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

4. *Proprietary funds operating and nonoperating revenues and expenses*

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

5. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension asset/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 additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. For example, changes in the TOL resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in OPEB expense immediately. Changes in the TOL that have not been included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with finance related legal and contractual provisions

The City has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits . In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2024. At year end, the bank balance of the City's deposits was $24,426,852. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining balance, $23,926,852, was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately $31,181,000.

B. Investments

Public funds of the City may be invested in 1) obligations of the United States of America, its agencies and instrumentalities; 2) certificates of deposit; 3) fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities; 4) money market mutual funds; and 5) local government investment pools.

The State Treasurer's Investment Pool (TexPool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note 1.F.2, Investments, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

Investment Type	Fair Value
TexPool	$ 442,046

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of September 30, 2024, the City's investment in TexPool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk. The City's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexPool is considered a cash equivalent on the Government-wide Statement of Net Position and on the Balance Sheets of the Fund Financial Statements.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

C. Restricted assets

The balances of the restricted asset accounts in the Utility and Drainage funds are as follows:

	Utility	Total
Revenue bond current debt service account	$ 208,721	$ 208,721
Revenue bond construction	3,149,074	3,149,074
Infrastructure improvements	605,455	605,455
	$ 3,963,250	$ 3,963,250

D. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, debt service, nonmajor governmental, utility, and nonmajor enterprise funds, including the applicable allowances for uncollectible accounts:

Receivables:	General	Debt Service	Nonmajor Governmental	Utility	Drainage	Total
Taxes	$ 1,185,063	$ 138,734	$ -	$ -	$ -	$ 1,323,797
Accounts	56,342	-	-	1,056,286	32,848	1,145,476
Other	1,055	-	19,016	-	-	20,071
Gross receivables	1,242,460	138,734	19,016	1,056,286	32,848	2,489,344
Less: allowance for uncollectibles	(54,594)	(25,120)	-	(24,392)	(1,670)	(105,776)
Net total receivables	$ 1,187,866	$ 113,614	$ 19,016	$ 1,031,894	$ 31,178	$ 2,383,568

E. Intergovernmental receivables

The Texas Department of Transportation ("TxDOT") has entered into a contract with the City to reimburse the City for a portion of the costs associated with the State Highway 34 re-alignment project ("SH34"). The maximum amount to be reimbursed totals $11,047,887. The City issued debt in the amount of $8,250,000 to fund these highway improvements. After completion of the work, the State of Texas shall be responsible for the maintenance of the state highway system, therefore, the costs associated with the SH34 have been expensed rather than capitalized by the City. The balance due as of September 30, 2024 was $4,916,476.

F. Kaufman Economic Development Corporation receivables

On May 19, 2015, the City entered into an agreement with the Kaufman Economic Development Corporation (Corporation) to provide for the construction of the State Highway 34 re-alignment. Under the agreement the Corporation agrees to pay $100,000 per year beginning in fiscal year 2015 for a total of sixteen payments towards the project. The funds to be repaid at September 30, 2024 totaled $600,000.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Capital assets

Capital asset activity for the year ended September 30, 2024, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 2,909,350	$ -	$ -	$ 2,909,350
Construction in progress	719,474	283,576	(401,260)	601,790
Total capital assets not being depreciated	3,628,824	283,576	(401,260)	3,511,140
Capital assets being depreciated				
Buildings	15,075,882	477,016	-	15,552,898
Machinery and equipment	2,509,770	221,990	-	2,731,760
Infrastructure	32,520,350	1,841,662	-	34,362,012
Leased machinery and equipment	1,551,402	305,211	-	1,856,613
Totals capital assets being depreciated	51,657,404	2,845,879	-	54,503,283
Less accumulated depreciation and amortization				
Buildings	(2,947,421)	(438,748)	-	(3,386,169)
Machinery and equipment	(1,851,050)	(172,820)	-	(2,023,870)
Infrastructure	(7,256,441)	(1,118,047)	-	(8,374,488)
Leased machinery and equipment	(471,260)	(224,228)	-	(695,488)
Total accumulated depreciation and amortization	(12,526,172)	(1,953,843)	-	(14,480,015)
Total capital assets, being depreciated, net	39,131,232	892,036	-	40,023,268
Governmental activities capital assets, net	$ 42,760,056	$ 1,175,612	$ (401,260)	$ 43,534,408

Depreciation and amortization expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:	
General government	$ 113,079
Public safety	299,137
Public works	1,185,663
Parks and recreational	355,964
Total depreciation expense - governmental activities	$ 1,953,843

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Capital assets (continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 328,395	$ -	$ -	$ 328,395
Construction in progress	570,780	1,408,515	(400,107)	1,579,188
Total capital assets not being depreciated	899,175	1,408,515	(400,107)	1,907,583
Capital assets being depreciated:				
Buildings	10,958,056	400,107	-	11,358,163
Improvements	33,195,861	2,890,308	-	36,086,169
Machinery and equipment	1,462,114	216,203	-	1,678,317
Leased machinery and equipment	190,733	82,161	-	272,894
Leased building	37,618	-	(37,618)	-
Total capital assets being depreciated	45,844,382	3,588,779	(37,618)	49,395,543
Less accumulated depreciation and amortization for:				
Buildings	(7,006,147)	(335,381)	-	(7,341,528)
Improvements	(11,527,084)	(1,248,808)	-	(12,775,892)
Machinery and equipment	(1,045,699)	(93,841)	-	(1,139,540)
Leased machinery and equipment	(43,918)	(40,797)	-	(84,715)
Leased building	(25,079)	(12,539)	37,618	-
Total accumulated depreciation and amortization	(19,647,927)	(1,731,366)	37,618	(21,341,675)
Total capital assets being depreciated, net	26,196,455	1,857,413	-	28,053,868
Business-type capital assets, net	$ 27,095,630	$ 3,265,928	$ (400,107)	$ 29,961,451

Depreciation and amortization expense was charged to the functions/programs of the business-type activities of the primary government as follows:

Business-type activities:	
Utility	$ 1,378,965
Drainage	352,401
	$ 1,731,366

H. Construction commitments

The City has active construction projects as of September 30, 2024. The projects include street improvements, water and sewer improvements, and drainage improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Street improvements	$ 415,927	$ 5,705,537
Water and sewer improvements	866,752	1,918,440
Drainage improvements	296,000	2,163,629
	$ 1,578,679	$ 9,787,606

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Construction commitments (continued)

The street improvements are commitments of the City's Capital Improvements fund. The projects are being funded by general obligation bonds, certificates of obligation, and grants.

The water and sewer improvements and drainage improvements are commitments of the City's Utility fund and Drainage fund. The projects are being funded by general obligation bonds, certificates of obligation, and a note payable.

I. Other significant commitments

The City entered into a contract with the North Texas Municipal Water District on July 24, 2014. The City agreed to take or pay for at least 459,989,000 gallons of water annually. The rate paid for the fiscal year ended September 30, 2024 was $3.74 cents per thousand gallons. The contract shall continue in force and effect for twenty years.

Actual payments for the year ended September 30, 2024 were $1,716,009.

The City has entered into a contract with the Greater Texoma Utility Authority (GTUA) to obtain wastewater treatment services, an additional supply of water to the City, and certain water supply facilities in order to store and transport water to the City. In the contract, the GTUA agreed to acquire and construct a wastewater treatment system to serve the City.

The City is responsible for the system's annual operation, maintenance and debt service costs for the term of the contract. A current schedule of estimated future contractual payments due to the Authority is shown below:

Year Ending September 30	Amount
2025	$ 93,895
2026	93,895
2027	93,895
2028	93,895
2029	93,895
2030-2034	469,472
2035-2039	468,509
2040-2044	463,802
2045-2049	465,807
	$2,337,065

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Other significant commitments (continued)

Actual payments for the year ended September 30, 2024 were $112,587.

The payments to be received from the City of Kaufman, Texas are used as collateral for the bonds issued by GTUA to construct the facility.

The City created Tax Increment Reinvestment Zone No. 1 (the "Zone 1") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in Zone 1. On April 24, 2017, the City authorized the execution of a development agreement with JWS Land, Ltd. ("Company"). Under the agreement (Public Improvements TIF Agreement) the Company is to design and construct public improvements in Zone 1. Following completion of the public improvements with funding provided by the Company, the City shall acquire the public improvements and reimburse the acquisition funding by the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed costs due the Company totaled $8,401,077.

On December 18, 2017, the City authorized the execution of a development agreement with JWS Land, Ltd. ("Company"). Under the agreement (TIF Purchase Agreement) the Company has agreed to sell to the City a 4.51 acre tract of real property located within Zone 1. Payments shall be made to the Company through the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed costs due the Company totaled $803,774.

On December 18, 2017, the City authorized the execution of a development agreement with Georgetown KF, Ltd. ("Company"). Under the agreement (Developer Reimbursement Agreement) the Company has agree to develop and construct a subdivision within Zone 1. Following completion of the subdivision the City shall reimburse the Developer for approved project costs through the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed costs due the Company totaled $5,368,898.

On November 13, 2018, the City authorized the execution of a development agreement with Georgetown KF, Ltd. ("Developer"). Under the agreement (Park Improvement Fee Reimbursement Agreement) the Developer has agree to pay a one-time Park Improvement Fee to the City in the amount of $1,470,750. The City shall reimburse the Developer for the fee through the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed amounts due the Company totaled $0.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Other significant commitments (continued)

Under the terms of the agreements, disbursement of tax increment reinvestment zone funds shall be made for the following purposes and in the following priority: (1) to reimburse the City for administrative costs; (2) to reimburse the Developer under the Developer Reimbursement Agreement; (3) to reimburse the Developer under the Public Improvements TIF Agreement; (4) to pay the Developer under the TIF Purchase Agreement; and (5) to reimburse the Developer under the Park Improvement Fee Reimbursement Agreement.

On May 28, 2019, the City authorized the execution of a development agreement with Lions Den Self Storage, LLC-Highway 175 Series ("Developer"). Under the agreement the Developer has agree to construct public improvements within Zone 1. Following completion of the improvements the City shall reimburse the Developer for approved project costs through the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed costs due the Company totaled $263,144.

The City created Tax Increment Reinvestment Zone No. 2 (the "Zone 2") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in Zone 2. On July 27, 2020, the City authorized the execution of a development agreement with Cedar Crest Development Company, LLC. ("Company"). Under the agreement (Public Improvements TIF Agreement) the Company is to design and construct public improvements in Zone 2. Following completion of the public improvements with funding provided by the Company, the City shall acquire the public improvements and reimburse the acquisition funding by the use of tax increment reinvestment zone funds. In consideration of the Company's construction of the improvements, the City agreed to convey property valued at $2,401,027. If the Company fails to complete the specified improvements in accordance with the terms of the development agreement the title to the property will revert back to the City. As of September 30, 2024 the unreimbursed costs due the Company totaled $0. Subsequent to year end the property reverted back to the City.

The City created Tax Increment Reinvestment Zone No. 3 and 4 (the "Zones") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the Zones. The City authorized the execution of a development agreements with developers. Under the agreements the developers are to design and construct public improvements in the Zones. Following completion of the public improvements with funding provided by the developers, the City shall acquire the public improvements and reimburse the acquisition funding by the use of tax increment reinvestment zone funds. As of September 30, 2024 the unreimbursed costs due the developers totaled $0.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Other significant commitments (continued)

On December 20, 2021, the City authorized the creation of Kaufman Public Improvement District No.2 (the "District") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the District. On December 20, 2021, the City authorized the execution of a development agreement with SRP Development, LLC.. ("Developer"). Under the agreement the Developer is to design and construct public improvements in the District. Following completion of the public improvements with funding provided by the Developer, the City shall acquire the public improvements and reimburse the Developer for budgeted public improvement construction costs in the amount of $3,380,000 with the use of bond proceeds. As of September 30, 2024 the unreimbursed costs due the Company totaled $3,380,000.

The City authorized the creation of Kaufman Public Improvement District No.4, 5, and 6 (the "Districts") to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the Districts. The City authorized the execution of development agreements with the developers. Under the agreements the developers are to design and construct public improvements in the Districts. Following completion of the public improvements with funding provided by the developers, the City shall acquire the public improvements and reimburse the developers for budgeted public improvement construction costs in the amount of $69,000,000 with the use of bond proceeds. As of September 30, 2024 no reimbursements were due to the Developers.

The City entered into a contract with Kaufman County to operate and maintain a consolidated county-wide public health and safety communication facility. Population from census data is used to calculate the City's annual projected cost. The agreement shall continue in full force and effect, provided the City may withdraw on one year notice. Actual payments for the year ended September 30, 2024 were $110,000.

The Kaufman Chamber of Commerce (Chamber) entered into a lease agreement with the City for office space located in the Kaufman Civic Center. The Chamber made an initial payment of $250,000 for a term of 10 years. The Chamber will have the option to renew the terms of this lease for one or more additional 5 year terms at the then current market rate. The City recognized unearned revenues related to this agreement in the amount of $156,249 as of September 30, 2024.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Tax abatements

The City has two programs through which tax abatements are provided:

The City is authorized by Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act (Tax Abatement Act) to enter into property tax abatement agreements as an economic development tool available to cities to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Tax abatements up to one-hundred percent of property tax on the value of the property improvement with a duration of up to ten years, may be established upon property within the City or the extra-territorial jurisdiction of the City. The threshold criteria used for the abatement include adding a minimum of ten full-time employees and adding at least $3,000,000 to the tax rolls. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property fails to complete, make, and maintain the threshold criteria. The City Council establishes the criteria and guidelines that govern all tax abatement agreements including the percentage amount and duration of the tax abatement, which is not to exceed ten years. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner. There were no amounts abated in 2024.

On August 9, 2016, the City entered into a performance agreement to make annual grant payments equal to eighty percent of the ad valorem property tax paid by KLLM Transport Services, LLC., for a period of ten years to relocate their transportation business to the City. The incentive period began for the tax year 2018. The abatement amount totaled $159,763 for the fiscal year ended September 30, 2024.

On December 20, 2021, the City entered into a performance agreement with Bloomfield Homes, L.P., for the purposes of stimulating business and commercial activity. The City will make semi-annual grant payments equal to eighty percent of the use tax paid by Bloomfield Homes, L.P., for a period of ten years. The grant payments totaled $6,065 for the fiscal year ended September 30, 2024.

K. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

L. Lease activities

1. Lease liabilities (as lessee)

Lease agreements are summarized as follows:

Governmental Activities:

Description	Total Lease Liabilities	Term	Interest Rate	Year-end Balances
Vehicles	$ 1,856,613	5-7 years	2.28% - 14.45%	$ 936,140

Business-type Activities:

Description	Total Lease Liabilities	Term	Interest Rate	Year-end Balances
Vehicles	$ 272,894	5 years	5.92% - 16.20%	$ 185,138

The vehicles are leased for terms ranging from 5 to 7 years with interest rates ranging from 2.28% to 16.20%. These leases are not renewable and the City expects to exercise its purchase options at the end of the terms.

Annual requirements to amortize this lease liability and related interest are as follows:

Year Ending September 30	Lease Liabilities			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	$ 268,159	$ 64,663	$ 41,382	$ 21,710
2026	253,523	50,803	40,459	17,312
2027	167,499	32,813	32,646	12,476
2028	163,806	18,808	47,529	7,126
2029	83,153	6,163	23,122	1,574
	$ 936,140	$ 173,250	$ 185,138	$ 60,198

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction and maintenance of major capital facilities. Certificates of obligation have been issued for governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2024 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2014	$ 1,045,000	2/15/2034	2.0-4.0	$ 605,000
2016B	1,250,000	2/15/2036	2.75-4.0	885,000
2019	3,455,000	2/15/2039	2.25-4.0	2,885,000
2022	3,885,000	2/15/2042	5.0	3,650,000
2023	4,225,000	2/15/2043	4.0-5.0	4,090,000
Total				$ 12,115,000

Business-type Activities

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2011	$ 880,000	2/15/2027	2.0-3.0	$ 245,000
2016A	3,990,000	2/15/2036	2.0-3.0	2,670,000
2016B	880,000	2/15/2036	2.75-4.0	620,000
2018	1,430,000	2/15/2038	3.25-5.0	1,260,000
2018	1,240,000	2/15/2038	3.25-5.0	955,000
2020	4,785,000	2/15/2040	1.5-3.5	4,235,000
2023	2,690,000	2/15/2043	4.0-5.0	2,605,000
2023	2,115,000	2/15/2043	4.0-5.0	2,050,000
Total				$ 14,640,000

The debt service requirements for the City's certificates of obligation are as follows:

Year Ending	Certificates of Obligation			
	Governmental Activities		Business-Type Activities	
September 30	Principal	Interest	Principal	Interest
2025	$ 525,000	$ 468,177	$ 765,000	$ 470,468
2026	550,000	444,982	795,000	443,025
2027	570,000	420,549	860,000	414,183
2028	600,000	395,087	805,000	384,558
2029	635,000	369,593	820,000	355,295
2030-2034	3,565,000	1,442,691	4,610,000	1,348,516
2034-2039	3,670,000	715,385	4,270,000	600,912
2040-2043	2,000,000	124,731	1,715,000	112,650
	$ 12,115,000	$ 4,381,195	$ 14,640,000	$ 4,129,607

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2024 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2016	$ 1,000,000	2/15/2036	2.75	$ 730,000
2017	3,200,000	2/15/2037	3.7	2,775,000
2017A	6,630,000	2/15/2057	2.375	5,930,000
2022- Refunding	11,000,000	2/15/2040	5.0	1,015,000
Total				$ 10,450,000

Business-type Activities

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2016 - Refunding	$ 1,180,000	2/15/2027	1.5-2.15	$ 215,000

The debt service requirements for the City's general obligation bonds are as follows:

Year Ending September 30	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	$ 350,000	$ 299,040	$ 135,000	$ 3,070
2026	365,000	287,317	40,000	1,290
2027	380,000	275,563	40,000	430
2028	400,000	264,049	-	-
2029	395,000	251,555	-	-
2030-2034	2,625,000	1,043,698	-	-
2035-2039	2,055,000	616,529	-	-
2040-2044	985,000	400,618	-	-
2045-2049	1,005,000	285,294	-	-
2050-2054	1,140,000	158,485	-	-
2055-2057	750,000	27,046	-	-
	$ 10,450,000	$ 3,909,194	$ 215,000	$ 4,790

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Pass-Through Toll Revenue and Limited Tax Bonds

The City issues pass-through toll revenue and limited tax bonds to provide funds for the design, development, construction and relocation of SH 34. Pass-through toll revenue and limited tax bonds have been issued for the governmental activities. Pass-through toll revenue and limited tax bonds outstanding at September 30, 2024 are as follows:

Governmental Activities:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2014	$ 8,255,000	8/15/2036	2.0-4.0	$ 5,625,000

The debt service requirements for the City's pass through bonds are as follows:

Year Ending September 30	Pass Through Bonds Governmental Activities Principal	Interest
2025	$ 365,000	$ 206,906
2026	380,000	195,956
2027	390,000	184,556
2028	400,000	171,881
2029	415,000	158,881
2030-2034	1,995,000	567,675
2035-2036	1,680,000	102,200
	$ 5,625,000	$ 1,588,055

Notes Payable

Notes payable currently outstanding and reported as a liability of the City's governmental activities are as follows:

The City received a loan from State Infrastructure Bank for $4,500,000 to fund the City's portion of the State Highway 34 re-alignment project in July 2014. The loan will be repaid in 17 annual installments. Interest payments are to be made annually at an interest rate of 3%. The balance due at September 30, 2024 was $2,739,452.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

The City entered into an agreement with Kaufman County ("County") to help pay for the State Highway 34 re-alignment project. The City is to be reimbursed by the Texas Department of Transportation ("TxDOT") for 80% of the cost of the project and has agreed to reimburse the County 39.99% of the amount received from TxDOT. The balance due at September 30, 2024 was $1,966,045.

The payment of this note will not begin until the project is completed and traffic flows on the roadway. The monies from TxDOT will be based on the number of vehicles that use the roadway; therefore, the payment amount to the County will be calculated on the monies received. At this time, there is not a timeline of payments to be expected to be made by TxDOT or the City.

Note payable currently outstanding and reported as a liability of the City's business-type activities is as follows:

The City received a loan from Government Capital Corporation for $2,631,000 to fund the City's Advanced Metering Infrastructure project. The loan will be repaid in 20 annual installments. Interest payments are to be made annually at an interest rate of 2.45%. The balance due at September 30, 2024 was $2,312,783.

The debt service requirements for the City's notes payable are as follows:

	Notes Payable			
Year Ending	Governmental Activities**		Business-type Activities	
September 30	Principal	Interest	Principal	Interest
2025	$ 282,579	$ 82,184	$ 111,312	$ 56,663
2026	291,056	73,706	114,039	53,936
2027	299,788	64,975	116,833	51,142
2028	308,782	55,981	119,695	48,280
2029	318,045	46,717	122,628	45,347
2030-2034	1,239,202	88,550	659,705	180,171
2034-2039	-	-	744,576	95,299
2040-2041	-	-	323,995	11,955
	$ 2,739,452	$ 412,113	$ 2,312,783	$ 542,793

** Does not include note payable in the amount of $1,966,045 that does not have a repayment schedule.

Development Agreement Payable

Development agreement payable currently outstanding and reported as a liability of the City's business-type activities consist of:

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

A Chapter 380 Partnership Agreement with the First Baptist Church of Kaufman for the construction of public improvements to the City's water system. Under the agreement the City agreed to reimburse the Church $150,000 for construction of these improvements over ten years. Payments will commence on the first day of the first month following the first anniversary date of the issuance of the first certificate of occupancy and continue for a total of ten years.

The development agreement payable currently outstanding and reported as a liability of the City's business-type activities at September 30, 2024 totaled $45,000. The amount due within one year totals $15,000.

The debt service requirements for the City's development agreement payable are as follows:

Year Ending September 30	Development Agreement Payable Business-Type Activities Principal
2025	$ 15,000
2026	15,000
2027	15,000
	$ 45,000

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Utility Fund and nonmajor enterprise fund based on the assignment of an employee at termination.

Net Pension Liability

The net pension liability represents the liability for employees' for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the pension plan's fiduciary net position.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Other Post-Employment Benefit Liability (OPEB)

The total OPEB liability represents the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 75.

Special Assessment Bond

On November 13, 2018, the City created the Kaufman Public Improvement District No. 1 ("PID") as authorized under Chapter 372 of the Texas Local Government Code. This PID was created for the acquisition, construction, and development of public improvements to include roads, drainage and storm water control system, sanitary sewage collection system, water supply and distribution system, other improvements and costs associated with the development and financing of these improvements.

A third party collects the special assessment for the debt issued and transfers money to the paying agent for the debt. The City of Kaufman, Texas does not have any direct or contingent liability or moral obligation for the payment of this debt. The outstanding balance for the special assessment bond at September 30, 2024 is:

Special Assessment Revenue Bonds, Series 2021	$3,022,000
Special Assessment Revenue Bonds, Series 2023	5,557,000
	$8,579,000

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2024 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	$ 12,630,000	$ -	$ (515,000)	$ 12,115,000	$ 525,000
General obligation bonds	10,785,000	-	(335,000)	10,450,000	350,000
Pass through bonds	5,985,000	-	(360,000)	5,625,000	365,000
Less deferred amounts:					
For issuance discounts	(22,268)	-	1,814	(20,454)	-
For issuance premium	523,088	-	(28,397)	494,691	-
Total bonds payable	29,900,820	-	(1,236,583)	28,664,237	1,240,000
Notes payable	5,347,468	-	(641,971)	4,705,497	282,579
Lease liabilities	880,000	324,397	(268,257)	936,140	268,159
Compensated absences	157,750	167,727	(163,292)	162,185	162,185
Net pension liability	2,192,408	-	(573,246)	1,619,162	-
OPEB liability	145,853	12,828	-	158,681	4,211
Governmental activity Long-term liabilities	$ 38,624,299	$ 504,952	$ (2,883,349)	$ 36,245,902	$ 1,957,134

Certificates of obligation, general obligation bonds, pass through bonds and notes payable issued for governmental activity purposes are liquidated by the debt service fund. Governmental lease liabilities, compensated absences, net pension liability and OPEB liability will be liquidated by the general fund. Vacation leave is expected to be taken during the year following its accumulation.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

M. Long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Certificates of obligation	$ 15,365,000	$ -	$ (725,000)	$ 14,640,000	$ 765,000
General obligation bonds	345,000	-	(130,000)	215,000	135,000
Less deferred amounts:					
For issuance premiums	578,631	-	(34,631)	544,000	-
Total bonds payable	16,288,631	-	(889,631)	15,399,000	900,000
Note payable	2,421,433	-	(108,650)	2,312,783	111,312
Development agreement payable	60,000	-	(15,000)	45,000	15,000
Lease liabilities	152,703	82,162	(49,727)	185,138	41,382
Compensated absences	27,172	43,258	(41,571)	28,859	28,859
Net pension liability	698,723	-	(187,534)	511,189	-
OPEB liability	46,489	3,621	-	50,110	1,330
Business-type activity Long-term liabilities	$ 19,695,151	$ 129,041	$ (1,292,113)	$ 18,532,079	$ 1,097,883

Certificate of obligation, general obligation bonds, note payable, development agreements payable, lease liabilities, compensated absences, net pension liability and OPEB liability issued for business-type activities are repaid from the utility and drainage funds.

N. Interfund receivables and payables

The composition of interfund balances as of September 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amounts
General	Nonmajor governmental funds	$ 3,899
General	Grants	873,571
Street Maintenance	General	109,270
Capital Improvements	General	553,435
Utility	Nonmajor governmental funds	100,357
Drainage	General	1,590,685
		$ 3,231,217

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

O. Interfund transfers

The composition of interfund transfers as of September 30, 2024 is as follows:

	Transfer In							
Transfer out:	**General**	**Debt Service**	**Grants**	**Capital Improvements**	**Nonmajor Governmental**	**Utility**	**Drainage**	**Total**
General	$ -	$ 100,000	$ 30,000	$ 806,668	$ 377,222	$ -	$ -	$ 1,313,890
Street Maintenance	-	317,010	-	-	-	-	-	317,010
Debt Service	324,397	-	-	-	-	-	186,480	510,877
Grants	-	-	-	-	-	100,357	-	100,357
Nonmajor Governmental	3,000	-	-	-	-	-	-	3,000
Utility	49,210	-	-	-	-	-	-	49,210
Drainage	12,105	-	-	-	-	-	-	12,105
Total	$ 388,712	$ 417,010	$ 30,000	$ 806,668	$ 377,222	$ 100,357	$ 186,480	$ 2,306,449

Transfers are primarily used to move debt proceeds from the Debt Service Fund to the General Fund. Repayments of a long-term receivable received by the General Fund were transferred to the Debt Service Fund. Transfers were made from the Street Maintenance Fund to the Debt Service fund for debt payment. Transfers were made from the General Fund to the Capital Improvements Fund and Nonmajor Governmental Funds capital project funding. Transfers were made from the Grants Funds to the Utility Fund for capital project funding. Transfers were made from the Debt Service Fund to the Drainage Fund for debt payment.

P. Discretely presented component units

1. Kaufman Economic Development Corporation (Corporation)

Cash deposits with financial institutions

At year-end, the Corporation's bank balance was $1,484,591. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining balance, $1,234,591 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately $3,684,000.

Loan Receivable

The Corporation has an outstanding loan receivable at zero percent interest totaling $70,000 at fiscal year end due from a Company as part of an economic development agreement. The loan shall be repaid by the Company by making $10,000 per year payments to the Corporation each year for fifteen years. Management feels that collectability of the loan is certain. Accordingly, no allowance for doubtful accounts has been recorded for the loan receivable.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

P. Discretely presented component units (continued)

Capital assets

Capital asset activity for the Corporation for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 558,435	$ 2,762,266	$ (25,289)	$ 3,295,412
Total capital assets not being depreciated	558,435	2,762,266	(25,289)	3,295,412
Capital assets being depreciated:				
Infrastructure	25,453	-	-	25,453
Machinery and equipment	9,278	-	-	9,278
Totals capital assets being depreciated	34,731	-	-	34,731
Less accumulated depreciation				
Infrastructure	(22,863)	(1,501)	-	(24,364)
Machinery and equipment	(9,278)	-	-	(9,278)
Total accumulated depreciation	(32,141)	(1,501)	-	(33,642)
Total capital assets being depreciated, net	2,590	(1,501)	-	1,089
Corporation capital assets, net	$ 561,025	$ 2,760,765	$ (25,289)	$ 3,296,501

Long-term liabilities

Note payable

On October 10, 2023, the Corporation entered into a promissory note with in the amount of $2,791,250 for the purchase of property. The note will be repaid in 20 annual installments. Interest payments are to be made annually at an interest rate of 6.49%. The balance due at September 30,2024 was $2,752,320.

Economic Development agreements

On May 19, 2015, the Corporation entered into an agreement with the City of Kaufman, Texas to provide for the construction of the Highway 34 by-pass project. Under the agreement the Corporation agrees to pay $100,000 per year beginning in fiscal year 2015 for a total of sixteen payments towards the project. The funds to be repaid at September 30, 2024 totaled $600,000. The amount due within one year totals $100,000.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

P. Discretely presented component units (continued)

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Corporation					
Note payable	$ -	$ 2,791,250	$ (38,930)	$ 2,752,320	$ 3,374
Economic development agreements	700,000	-	(100,000)	600,000	100,000
Long-term liabilities	$ 700,000	$ 2,791,250	$ (138,930)	$ 3,352,320	$ 103,374

	Component Unit		
	Note Payable		Economic Development Agreement
Year Ending September 30	Principal	Interest	Principal
2025	$ 3,374	$ 178,626	$ 100,000
2026	8,594	178,407	100,000
2027	14,151	177,849	100,000
2028	20,070	176,930	100,000
2029	26,372	175,628	100,000
2030-2034	473,697	834,887	100,000
2035-2039	1,070,865	585,597	-
2040-2043	1,135,197	189,970	-
	$ 2,752,320	$ 2,497,894	$ 600,000

Related party transactions

The significant transactions between the component unit and primary government during the year ended September 30, 2024 consisted of financial services contract payments in the amount of $9,412 economic development agreement payments in the amount of $100,000 (see note 3.F), and on-behalf salary payments of $179,170.

Subsequent events

Subsequent to year end the Corporation:

- Approved an economic development agreement with a local businesses not to exceed $100,000 with the City to reimburse the Corporation $50,000.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

Q. Contingencies

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

R. Related Party Transactions

In the ordinary course of business, the City has and expects to continue to have transactions with a business in which a Council Member is part owner. During the current fiscal year, the purchases totaled $147,490. In the opinion of management, such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other businesses.

S. Subsequent events

Subsequent to year end the City:

- Approved purchase of property in an amount not to exceed $1,100,000.
- Approved professional services contracts of approximately $105,000.
- Approved construction contracts of approximately $224,000.

T. Prior period adjustment

Corrections have been made to the governmental funds activities' beginning fund balance in the fund financial statements due to errors in the recording of financial transactions in the prior period, resulting in an under/(over)statement of internal balances and an under/(over)statements of fund balance, and an under/(over)statement of revenues in the prior year. The changes to the beginning net position as of October 1, 2023 are summarized as follows:

	Fund Financial Statements	
	General	Grants
As previously reported, October 1, 2023	$ 3,130,412	$ 1,562,607
Correct under/(over)statement of internal balances	868,146	(868,146)
Restated, October 1, 2023	$ 3,998,558	$ 694,461
Effect of restatement on operations for the year ending September 30, 2023:	$ 868,146	$ (868,146)

NOTE 4 - DEFINED BENEFIT PENSION PLANS

A. Plan description

The City of Kaufman, Texas participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at tmrs.com.

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

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

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years to any age
Updated service credits	100% repeating, transfers
Annuity increases to retirees	70% of CPI, repeating
Supplemental death benefits:	
Employees	Yes
Retirees	Yes

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

B. Benefits provided (continued)

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	66
Inactive employees entitled to but not yet receiving benefits	68
Active employees	80
	214

C. Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Kaufman, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Kaufman, Texas were 13.17% and 13.46% in calendar years 2023 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2024, were $669,353 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.

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (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, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 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-district 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 are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rates is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% 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 assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset 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:

Asset Class	Target Allocation	Long-Term Expected
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100%	

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.

NOTE 4 - DEFINED BENEFIT PENSION PLANS (continued)

D. Net pension liability (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at 12/31/2022	$ 18,581,058	$ 15,689,929	$ 2,891,129
Changes for the year:			
Service cost	786,884	-	786,884
Interest	1,252,666	-	1,252,666
Difference between expected and actual experience	74,110	-	74,110
Changes of assumptions	(137,638)	-	(137,638)
Contributions - employer	-	608,172	(608,172)
Contributions - employee	-	323,251	(323,251)
Net investment income	-	1,817,012	(1,817,012)
Benefit payments, including refunds of employee contributions	(832,966)	(832,966)	-
Administrative expense	-	(11,553)	11,553
Other changes	-	(82)	82
Net Changes	$ 1,143,056	$ 1,903,834	$ (760,778)
Balance at 12/31/2023	**$ 19,724,114**	**$ 17,593,763**	**$ 2,130,351**

Sensitivity of the net pension liability to changes in the discount rate -

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

	1.0% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1.0% Increase in Discount Rate (7.75%)**
City's net pension liability	$ 4,860,709	$ 2,130,351	$ (106,433)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at *tmrs.com.*

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled $53,456.

NOTE 4 - DEFINED BENEFIT PENSION PLANS (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 of $580,035.

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

	Deferred Outflows of Resources	
	Governmental Activities	**Business-Type Activities**
Contributions subsequent to the measurement date	$ 394,386	$ 124,512
Difference between projected and actual investment earnings	319,777	105,241
Differences between expected and actual economic experience	92,776	29,983
Total	$ 806,939	$ 259,736

	Deferred Inflow of Resources	
	Governmental Activities	**Business-Type Activities**
Changes in actuarial assumptions	$ 71,817	$ 22,674
Differences between expected and actual economic experience	4,978	1,467
Total	$ 76,795	$ 24,141

$518,898 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2025. 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	$ 151,236
2025	126,496
2026	320,701
2027	(151,592)
Total	$ 446,841

NOTE 5 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

A. Plan description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e. , no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at tmrs.com.

B. Benefits provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500.

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

C. 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	38
Inactive employees entitled to but not yet receiving benefits	7
Active employees	80
	125

D. Total OPEB liability

The City's total OPEB liability of $208,791 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

D. Total OPEB liability (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85%, including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	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).
Mortality rates - disabled retirees	2019 Municipal Retirees of TexasMortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

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

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

D. Total OPEB liability (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2022	$ 192,343
Changes for the year:	
Service cost	8,774
Interest	7,855
Difference between expected and actual experience	(4,138)
Changes in assumptions or other inputs	9,498
Benefit payments**	(5,541)
Net Changes	16,448
Balance at 12/31/2023	**$ 208,791**

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

Sensitivity of the total OPEB liability to changes in the discount rate -

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

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB liability	$ 246,124	$ 208,791	$ 179,096

NOTE 5 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (continued)

E. 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 of $15,611. At September 30, 2024, the City reported deferred outflows of resources and related to OPEB from the following sources:

	Deferred Outflows of Resources	
	Governmental Activities	Business-Type Activities
City contributions subsequent to the measurement date	$ 9,941	$ 3,166
Differences between expected and actual economic experience	34	-
Total	$ 9,975	$ 3,166

	Deferred Inflow of Resources	
	Governmental Activities	Business-Type Activities
Changes of assumptions	$ 26,304	$ 8,766
Differences between expected and actual economic experience	13,031	4,293
Total	$ 39,335	$ 13,059

$13,107 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. 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	$ (13,176)
2025	(16,668)
2026	(17,535)
2027	(5,416)
2028	435
Total	$ (52,360)

F. Payable to the OPEB plan

At September 30, 2024, the City reported a payable of $1,350 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Property taxes	$ 3,631,345	$ 3,626,580	$ 3,605,064	$ (17,411)	$ 3,587,653	$ (38,927)
Sales taxes	3,650,000	3,765,865	3,795,651	(29,786)	3,765,865	-
Franchise taxes	557,000	549,865	559,625	(5,987)	553,638	3,773
Alcoholic beverage taxes	17,000	37,000	38,351	(114)	38,237	1,237
Licenses and permits	1,317,350	1,066,400	1,057,807	-	1,057,807	(8,593)
Fines and forfeitures	113,260	143,195	149,366	-	149,366	6,171
Charges for services	517,000	582,435	591,981	(2,712)	589,269	6,834
Investment earnings	5,450	55,060	53,703	-	53,703	(1,357)
Miscellaneous	105,800	131,410	184,552	(47,412)	137,140	5,730
Intergovernmental	997,510	1,260,025	278,033	975,992	1,254,025	(6,000)
Contributions and donations	850	56,095	56,942	-	56,942	847
Total revenues	10,912,565	11,273,930	10,371,075	872,570	11,243,645	(30,285)
EXPENDITURES						
Current:						
General government	2,520,705	2,212,925	2,007,699	-	2,007,699	(205,226)
Public safety	3,621,280	3,630,401	3,593,631	-	3,593,631	(36,770)
Public works	1,528,145	1,318,130	1,203,242	-	1,203,242	(114,888)
Public services and operations	741,420	764,135	714,624	24,934	739,558	(24,577)
Parks and recreation	1,048,995	1,154,130	1,143,760	-	1,143,760	(10,370)
Debt service:						
Principal retirement	248,705	274,635	268,257	6,373	274,630	(5)
Interest and fiscal charges	48,835	43,125	54,858	(11,746)	43,112	(13)
Total expenditures	9,758,085	9,397,481	8,986,071	19,561	9,005,632	(391,849)
Excess of revenues over expenditures	1,154,480	1,876,449	1,385,004	872,570	2,238,013	361,564
OTHER FINANCING SOURCES (USES)						
Transfers in	64,315	388,625	388,712	-	388,712	87
Transfers out	(1,218,345)	(1,844,310)	(1,313,890)	(767,967)	(2,081,857)	(237,547)
Sale of capital assets	-	6,000	6,000	-	6,000	-
Total other financing sources (uses)	(1,154,030)	(1,449,685)	(919,178)	(767,967)	(1,687,145)	(237,460)
Net change in fund balances	$ 450	$ 426,764	$ 465,826	$ 104,603	$ 550,868	$ 124,104

NOTES TO BUDGETARY INFORMATION

1. Budgetary basis of accounting

An annual budget is adopted on the budgetary basis of accounting. Appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

MAJOR SPECIAL REVENUE FUND - STREET MAINTENANCE

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Sales taxes	$ 606,500	$ 627,645	$ 632,607	$ (4,962)	$ 627,645	$ -
Investment earnings	-	63,815	66,041	-	66,041	2,226
Miscellaneous	-	-	2,416	-	2,416	2,416
Total revenues	606,500	691,460	701,064	(4,962)	696,102	4,642
EXPENDITURES						
Current:						
Public works	289,490	289,490	100,300	-	100,300	(189,190)
Total expenditures	289,490	289,490	100,300	-	100,300	(189,190)
Excess (deficiency) of revenues over (under) expenditures	317,010	401,970	600,764	(4,962)	595,802	193,832
OTHER FINANCING SOURCES (USES)						
Transfers out	(317,010)	(317,010)	(317,010)	-	(317,010)	-
Total other financing sources (uses)	(317,010)	(317,010)	(317,010)	-	(317,010)	-
Net change in fund balances	$ -	$ 84,960	$ 283,754	$ (4,962)	$ 278,792	$ 193,832

NOTES TO BUDGETARY INFORMATION

1. Budgetary basis of accounting

An annual budget is adopted on the budgetary basis of accounting. Appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

MAJOR SPECIAL REVENUE FUND - GRANTS

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment earnings	$ 200	$ -	$ -	$ -	$ -	$ -
Intergovernmental	6,196,330	76,978	57,840	191,278	249,118	172,140
Total revenues	6,196,530	76,978	57,840	191,278	249,118	172,140
EXPENDITURES						
Current:						
Public safety	302,670	3,375	3,372	-	3,372	(3)
Total expenditures	302,670	3,375	3,372	-	3,372	(3)
Excess (deficiency) of revenues over (under) expenditures	5,893,860	73,603	54,468	191,278	245,746	172,143
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	30,000	-	30,000	30,000
Transfers out	(5,893,660)	(30,000)	(100,357)	(90,921)	(191,278)	(161,278)
Total other financing sources (uses)	(5,893,660)	(30,000)	(70,357)	(90,921)	(161,278)	(131,278)
Net change in fund balances	$ 200	$ 43,603	$ (15,889)	$ 100,357	$ 84,468	$ 40,865

NOTES TO BUDGETARY INFORMATION

1. Budgetary basis of accounting

An annual budget is adopted on the budgetary basis of accounting. Appropriations lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF KAUFMAN, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service Cost	$ 405,637	$ 491,919	$ 499,848	$ 466,908	$ 503,803	$ 547,402	$ 588,124	$ 735,072	$ 731,251	$ 786,884
Interest (on the Total Pension Liability)	777,889	732,140	730,703	919,527	938,944	989,119	1,051,698	1,106,718	1,168,261	1,252,666
Changes of benefit terms	-	(1,159,659)	(691,158)	1,959,761	(655,526)	-	-	-	-	-
Difference between expected and actual experience	(330,714)	(8,006)	96,318	177,714	(7,891)	(65,199)	(201,528)	(78,043)	197,989	74,110
Changes of assumptions	-	261,150	-	-	-	63,899	-	-	-	(137,638)
Benefit payments, including refunds of employee contributions	(378,062)	(401,635)	(446,215)	(499,294)	(779,534)	(647,110)	(609,880)	(783,411)	(916,777)	(832,966)
Net Change in Total Pension Liability	474,750	(84,091)	189,496	3,024,616	(204)	888,111	828,414	980,336	1,180,724	1,143,056
Total Pension Liability - Beginning	11,098,906	11,573,656	11,573,656	11,679,061	14,703,677	14,703,473	15,591,584	16,419,998	17,400,334	18,581,058
Total Pension Liability - Ending (a)	$ 11,573,656	$ 11,489,565	$ 11,763,152	$ 14,703,677	$ 14,703,473	$ 15,591,584	$ 16,419,998	$ 17,400,334	$ 18,581,058	$ 19,724,114
Plan Fiduciary Net Position										
Contributions - Employer	$ 399,817	$ 431,985	$ 311,064	$ 277,314	$ 280,961	$ 450,345	$ 511,322	$ 641,784	$ 602,282	$ 608,172
Contributions - Employee	187,080	202,674	214,527	215,449	210,796	226,467	242,169	302,321	300,926	323,251
Net Investment Income	529,502	14,738	691,376	1,523,670	(374,531)	1,829,013	1,038,261	1,936,877	(1,237,023)	1,817,012
Benefit payments, including refunds of employee contributions	(378,062)	(401,635)	(446,215)	(499,294)	(779,534)	(647,110)	(609,880)	(783,411)	(916,777)	(832,966)
Administrative Expense	(5,527)	(8,976)	(7,805)	(7,892)	(7,235)	(10,331)	(6,717)	(8,957)	(10,699)	(11,553)
Other	(454)	(443)	(420)	(400)	(379)	(310)	(265)	64	12,768	(82)
Net Change in Plan Fiduciary Net Position	732,356	238,343	762,527	1,508,847	(669,922)	1,848,074	1,174,890	2,088,678	(1,248,523)	1,903,834
Plan Fiduciary Net Position - Beginning	9,254,659	9,987,015	9,987,015	10,987,885	12,496,732	11,826,810	13,674,884	14,849,774	16,938,452	15,689,929
Plan Fiduciary Net Position - Ending (b)	$ 9,987,015	$ 10,225,358	$ 10,749,542	$ 12,496,732	$ 11,826,810	$ 13,674,884	$ 14,849,774	$ 16,938,452	$ 15,689,929	$ 17,593,763
Net Pension Liability - Ending (a) - (b)	$ 1,586,641	$ 1,264,207	$ 1,013,610	$ 2,206,945	$ 2,876,663	$ 1,916,700	$ 1,570,224	$ 461,882	$ 2,891,129	$ 2,130,351
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.29%	89.00%	91.38%	84.99%	80.44%	87.71%	90.44%	97.35%	84.44%	89.20%
Covered Payroll	2,672,571	2,895,343	3,064,670	3,077,841	3,011,372	3,235,239	3,459,551	4,318,869	4,298,945	4,617,865
Net Pension Liability as a Percentage of Covered Payroll	59.37%	43.66%	33.07%	71.70%	95.53%	59.24%	45.39%	10.69%	67.25%	46.13%

Notes to Schedule:

N/A

CITY OF KAUFMAN, TEXAS

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (will ultimately be displayed)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	$ 387,392	$ 347,168	$ 285,723	$ 279,762	$ 392,490	$ 523,170	$ 599,204	$ 626,712	$ 602,859	$ 669,353
Contributions in relation to the actuarially determined contribution	387,392	347,168	285,723	279,762	392,490	523,170	599,204	626,712	602,859	669,353
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,558,729	3,029,037	3,061,302	3,028,970	3,106,585	3,597,839	4,036,960	4,404,003	4,511,348	4,997,517
Contributions as a percentage of covered payroll	15.14%	11.46%	9.33%	9.24%	12.63%	14.54%	14.84%	14.23%	13.36%	13.39%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 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 ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and femaile rates are multiplied by 105%. The rates are projected on a fully generation basis by the most recent Scale MP-2021 (with immediate convergence).
	Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employe 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 — There were no benefit changes during the year.

CITY OF KAUFMAN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Calendar Years (will ultimately be displayed)

	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service Cost	$ 8,310	$ 9,335	$ 10,029	$ 12,108	$ 19,435	$ 17,196	$ 8,774
Interest (on the Total OPEB Liability)	5,709	5,908	7,497	6,098	5,302	5,143	7,855
Difference between expected and actual experience	-	21,748	(31,504)	(7,692)	(11,866)	(9,330)	(4,138)
Changes of assumptions and other inputs	13,828	(12,655)	34,102	32,644	8,295	(88,591)	9,498
Benefit payments	(923)	(903)	(1,294)	(1,730)	(5,184)	(6,019)	(5,541)
Net Change in Total OPEB Liability	26,924	23,433	18,830	41,428	15,982	(81,601)	16,448
Total OPEB Liability - Beginning	147,347	174,271	197,704	216,534	257,962	273,944	192,343
Total OPEB Liability - Ending	$ 174,271	$ 197,704	$ 216,534	$ 257,962	$ 273,944	$ 192,343	$ 208,791
Covered-Employee Payroll	3,077,841	3,011,372	3,235,239	3,459,551	4,318,869	4,298,945	4,617,865
OPEB Liability as a Percentage of Covered-Employee Payroll	5.66%	6.57%	6.69%	7.46%	6.34%	4.47%	4.52%

Notes to Schedule:

Note 1 - No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Note 2 - The actuarial assumptions and other inputs used to calculate the total OPEB liability are described in note 5.D to the financial statements.

Note 3 - Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Hotel/Motel Fund - This fund is used to account for the Hotel/Motel Occupancy Tax levied on all hotels and motels in the City. Funds are used for attracting and promoting tourism and the convention and hotel industry as authorized by statute.

Law Enforcement Fund - This fund is used to account for seized property to be used for official purposes as provided by Article 59.06 Texas Code of Criminal Procedure.

Court Technology Fund - This fund is used to accounts for monies received to purchase technological enhancements for the municipal court.

Court Security Fund - This fund is used to accounts for monies received to secure the municipal court.

Impact Fees Fund - This fund is used to account for revenues from impact fees assessed to be used for infrastructure improvements.

Tax Increment Reinvestment Zone Fund - This fund is used to account for funds received and expended within the City's Tax Increment Reinvestment Zone.

Public Improvements District Fund - This fund is used to account for funds received and expended within the City's Public Improvements District. The City does not appropriate a budget for this fund.

CITY OF KAUFMAN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2024

	Hotel/ Motel	Law Enforcement	Court Technology	Court Security	Impact Fees	Tax Increment Reinvestment Zone	Public Improvements District	Totals
ASSETS								
Cash and cash equivalents	$ 18,823	$ 52,768	$ -	$ 34,404	$ 1,632,322	$ -	$ 298,240	$ 2,036,557
Receivables	10,577	-	-	-	-	-	8,439	19,016
Total assets	$ 29,400	$ 52,768	$ -	$ 34,404	$ 1,632,322	$ -	$ 306,679	$ 2,055,573
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,829	$ 4,829
Accrued payroll payable	212	-	-	-	-	-	-	212
Due to other funds	-	-	8,870	-	-	95,386	-	104,256
Total liabilities	212	-	8,870	-	-	95,386	4,829	109,297
FUND BALANCE								
Restricted:								
General government	-	-	-	-	-	-	301,850	301,850
Public safety	-	52,768	-	34,404	-	-	-	87,172
Public works	-	-	-	-	1,632,322	-	-	1,632,322
Public services and operations	29,188	-	-	-	-	-	-	29,188
Unassigned:	-	-	(8,870)	-	-	(95,386)	-	(104,256)
Total fund balance	29,188	52,768	(8,870)	34,404	1,632,322	(95,386)	301,850	1,946,276
Total liabilities and fund balances	$ 29,400	$ 52,768	$ -	$ 34,404	$ 1,632,322	$ -	$ 306,679	$ 2,055,573

CITY OF KAUFMAN, TEXAS

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

NONMAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended September 30, 2024

	Hotel/ Motel	Law Enforcement	Court Technology	Court Security	Impact Fees	Tax Increment Reinvestment Zone	Public Improvements District	Totals
REVENUES								
Hotel occupancy taxes	$ 39,218	$ -	$ -	$ -	$ -	$ -	$ -	$ 39,218
Fines and forfeitures	-	3,467	3,818	4,637	-	-	-	11,922
Investment earnings	-	-	-	-	10,515	-	60	10,575
Miscellaneous	-	-	-	-	346,851	-	81,503	428,354
Intergovernmental	-	-	-	-	-	141,227	-	141,227
Total revenues	39,218	3,467	3,818	4,637	357,366	141,227	81,563	631,296
EXPENDITURES								
Current:								
General government	-	-	-	-	-	366,322	169,007	535,329
Public safety	-	29,031	-	-	-	-	-	29,031
Public services and operations	46,989	-	-	-	-	-	-	46,989
Total expenditures	46,989	29,031	-	-	-	366,322	169,007	611,349
Excess (deficiency) of revenues over (under) expenditures	(7,771)	(25,564)	3,818	4,637	357,366	(225,095)	(87,444)	19,947
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	377,222	212,313	589,535
Transfers out	-	-	-	(3,000)	-	(212,313)	-	(215,313)
Total other financing sources (uses)	-	-	-	(3,000)	-	164,909	212,313	374,222
Net change in fund balances	(7,771)	(25,564)	3,818	1,637	357,366	(60,186)	124,869	394,169
Fund balances (deficit)-beginning	36,959	78,332	(12,688)	32,767	1,274,956	(35,200)	176,981	1,552,107
Fund balances (deficit)-ending	$ 29,188	$ 52,768	$ (8,870)	$ 34,404	$ 1,632,322	$ (95,386)	$ 301,850	$ 1,946,276

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Hotel occupancy taxes	$ 58,000	$ 42,935	$ 39,218	$ 3,717	$ 42,935	$ -
Total revenues	58,000	42,935	39,218	3,717	42,935	-
EXPENDITURES						
Current:						
Public services and operations	58,000	47,345	46,989	-	46,989	(356)
Total expenditures	58,000	47,345	46,989	-	46,989	(356)
Net change in fund balances	-	(4,410)	(7,771)	3,717	(4,054)	356
Fund balances-beginning	-	-	36,959	-	36,959	36,959
Fund balances-ending	$ -	$ (4,410)	$ 29,188	$ 3,717	$ 32,905	$ 37,315

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LAW ENFORCEMENT FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Fines and forfeitures	$ 6,500	$ 3,470	$ 3,467	$ -	$ 3,467	$ (3)
Total revenues	6,500	3,470	3,467	-	3,467	(3)
EXPENDITURES						
Current:						
Public safety	2,800	29,375	29,031	-	29,031	(344)
Total expenditures	2,800	29,375	29,031	-	29,031	(344)
Excess (deficiency) of revenues over (under) expenditures	3,700	(25,905)	(25,564)	-	(25,564)	341
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	7,000	-	-	-	-	-
Total other financing sources (uses)	7,000	-	-	-	-	-
Net change in fund balances	10,700	(25,905)	(25,564)	-	(25,564)	341
Fund balances-beginning	-	-	78,332	-	78,332	78,332
Fund balances-ending	$ 10,700	$ (25,905)	$ 52,768	$ -	$ 52,768	$ 78,673

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Fines and forfeitures	$ 3,000	$ 3,680	$ 3,818	$ -	$ 3,818	$ 138
Investment earnings	40	-	-	-	-	-
Total revenues	3,040	3,680	3,818	-	3,818	138
EXPENDITURES	-	-	-	-	-	-
Net change in fund balances	3,040	3,680	3,818	-	3,818	138
Fund balances (deficit)-beginning	-	-	(12,688)	-	(12,688)	(12,688)
Fund balances (deficit) -ending	$ 3,040	$ 3,680	$ (8,870)	$ -	$ (8,870)	$ (12,550)

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT SECURITY FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Fines and forfeitures	$ 3,000	$ 3,000	$ 4,637	$ -	$ 4,637	$ 1,637
Total revenues	3,000	3,000	4,637	-	4,637	1,637
EXPENDITURES	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	4,637	-	4,637	1,637
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,000)	(3,000)	(3,000)	-	(3,000)	-
Total other financing sources (uses)	(3,000)	(3,000)	(3,000)	-	(3,000)	-
Net change in fund balances	-	-	1,637	-	1,637	1,637
Fund balances-beginning	-	-	32,767	-	32,767	32,767
Fund balances-ending	$ -	$ -	$ 34,404	$ -	$ 34,404	$ 34,404

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEES FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment earnings	$ 400	$ 8,755	$ 10,515	$ -	$ 10,515	$ 1,760
Miscellaneous	875,000	345,430	346,851	-	346,851	1,421
Total revenues	875,400	354,185	357,366	-	357,366	3,181
EXPENDITURES						
Current:						
Public works	181,600	-	-	-	-	-
Total expenditures	181,600	-	-	-	-	-
Net change in fund balances	693,800	354,185	357,366	-	357,366	3,181
Fund balances-beginning	-	-	1,274,956	-	1,274,956	1,274,956
Fund balances-ending	$ 693,800	$ 354,185	$ 1,632,322	$ -	$1,632,322	$ 1,278,137

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

TAX INCREMENT REINVESTMENT ZONE

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental	$ 150,000	$ 141,230	$ 141,227	$ -	$ 141,227	$ (3)
Total revenues	150,000	141,230	141,227	-	141,227	(3)
EXPENDITURES						
Current:						
General government	585,000	588,645	366,322	-	366,322	(222,323)
Total expenditures	585,000	588,645	366,322	-	366,322	(222,323)
Excess (deficiency) of revenues over (under) expenditures	(435,000)	(447,415)	(225,095)	-	(225,095)	222,320
OTHER FINANCING SOURCES (USES)						
Transfers in	435,000	377,220	377,222	-	377,222	2
Transfers out	-	-	(212,313)	-	(212,313)	(212,313)
Total other financing sources (uses)	435,000	377,220	164,909	-	164,909	(212,311)
Net change in fund balances	-	(70,195)	(60,186)	-	(60,186)	10,009
Fund balances (deficit) -beginning	-	-	(35,200)	-	(35,200)	(35,200)
Fund balances (deficit) -ending	$ -	$ (70,195)	$ (95,386)	$ -	$ (95,386)	$ (25,191)

CITY OF KAUFMAN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PUBLIC IMPROVEMENT DISTRICT
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment earnings	$ -	$ 60	$ 60	-	$ 60	-
Miscellaneous	-	81,505	81,503	-	81,503	(2)
Total revenues	-	81,565	81,563	-	81,563	(2)
EXPENDITURES						
Current:						
General government	-	172,630	169,007	-	169,007	(3,623)
Total expenditures	-	172,630	169,007	-	169,007	(3,623)
Excess (deficiency) of revenues over (under) expenditures	-	(91,065)	(87,444)	-	(87,444)	3,621
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	212,313	-	212,313	212,313
Total other financing sources (uses)	-	-	212,313	-	212,313	212,313
Net change in fund balances	-	(91,065)	124,869	-	124,869	215,934
Fund balances-beginning	-	-	176,981	-	176,981	176,981
Fund balances-ending	$ -	$ (91,065)	$ 301,850	$ -	$ 301,850	$ 392,915

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on general long-term debt.

CITY OF KAUFMAN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP	Adjustments Budget	Actual Budget	Variance with
	Original	Final	Basis	Basis	Basis	Final Budget
REVENUES						
Property taxes	$ 1,958,795	$1,958,795	$1,983,923	$ (8,293)	$ 1,975,630	$ 16,835
Intergovernmental	-	-	919,285	(919,285)	-	-
Total revenues	1,958,795	1,958,795	2,903,208	(927,578)	1,975,630	16,835
EXPENDITURES						
Debt service:						
Principal retirement	1,757,615	1,851,971	1,851,971	-	1,851,971	-
Interest and fiscal charges	1,115,055	1,115,054	1,114,753	-	1,114,753	(301)
Total expenditures	2,872,670	2,967,025	2,966,724	-	2,966,724	(301)
Excess (deficiency) of revenues over (under) expenditures	(913,875)	(1,008,230)	(63,516)	(927,578)	(991,094)	17,136
OTHER FINANCING SOURCES (USES)						
Transfers in	1,100,355	1,336,295	417,010	919,285	1,336,295	-
Transfers out	(186,480)	(510,790)	(510,877)	-	(510,877)	(87)
Leases issued	-	324,310	324,397	-	324,397	87
Total other financing sources (uses)	913,875	1,149,815	230,530	919,285	1,149,815	-
Net change in fund balances	-	141,585	167,014	(8,293)	158,721	17,136
Fund balances-beginning	-	-	908,812	-	908,812	908,812
Fund balances-ending	$ -	$ 141,585	$1,075,826	$ (8,293)	$ 1,067,533	$ 925,948

Proprietary Funds

Enterprise Funds

Utility Fund - This fund is used to account for the water and sewer utility operations.

Drainage Fund - This fund is used to account for the drainage operations that are to be self-supporting through user charges.

CITY OF KAUFMAN, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
OPERATING REVENUES						
Water revenue	$ 3,730,000	$ 3,883,840	$ 4,050,535	$ (45,258)	$ 4,005,277	$ 121,437
Sewer revenue	2,240,000	2,419,485	2,452,505	(16,454)	2,436,051	16,566
Rental	26,000	26,000	26,000	-	26,000	-
Miscellaneous	59,100	60,480	70,946	(9,522)	61,424	944
Total operating revenues	6,055,100	6,389,805	6,599,986	(71,234)	6,528,752	138,947
OPERATING EXPENSES						
Personnel services	1,616,100	1,605,670	1,568,602	33,243	1,601,845	(3,825)
Supplies and materials	236,825	241,505	139,435	-	139,435	(102,070)
Maintenance and repair	577,340	659,430	459,812	143,510	603,322	(56,108)
Contractual services	2,513,965	2,371,860	2,301,319	13,428	2,314,747	(57,113)
Total operating expenses before depreciation	4,944,230	4,878,465	4,469,168	190,181	4,659,349	(219,116)
Depreciation	-	-	1,378,965	(1,378,965)	-	-
Total operating expenses	4,944,230	4,878,465	5,848,133	(1,188,784)	4,659,349	(219,116)
Operating income	$ 1,110,870	$ 1,511,340	$ 751,853	$ 1,117,550	$ 1,869,403	$ 358,063

CITY OF KAUFMAN, TEXAS
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
BUDGET AND ACTUAL
ENTERPRISE FUND - DRAINAGE
For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
OPERATING REVENUES						
Drainage revenue	$ 380,000	$ 380,000	$ 376,694	$ 1,744	$ 378,438	$ (1,562)
Miscellaneous	-	-	1,208	(1,208)	-	-
Total operating revenues	380,000	380,000	377,902	536	378,438	(1,562)
OPERATING EXPENSES						
Maintenance and repair	43,675	43,675	-	-	-	(43,675)
Contractual services	3,000	3,000	-	-	-	(3,000)
Total operating expenses before depreciation	46,675	46,675	-	-	-	(46,675)
Depreciation	-	-	352,401	(352,401)	-	-
Total operating expenses	46,675	46,675	352,401	(352,401)	-	(46,675)
Operating income	$ 333,325	$ 333,325	$ 25,501	$ 352,937	$ 378,438	$ 45,113

STATISTICAL SECTION

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

Contents **Page**

Financial Trends 106-110

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

Revenue Capacity 111-114

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

Debt Capacity 115-118

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

Demographic and Economic Information 119-120

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

Operating Information 121-123

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

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

CITY OF KAUFMAN, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Governmental activities										
Net investment in capital assets	$ 4,133,424	$ 4,190,990	$ 5,037,515	$17,491,826	$18,956,703	$19,010,417	$22,744,176	$24,115,446	$21,144,782	$23,021,038
Restricted	1,455,330	267,446	1,646,430	1,191,219	1,153,109	1,668,844	1,998,788	2,711,802	7,354,300	8,245,105
Unrestricted (deficit)	692,891	(1,235,329)	(1,910,878)	(3,954,311)	(4,180,240)	(2,558,291)	(1,796,858)	162,220	(1,796,983)	(1,061,294)
Total governmental activities net position	$ 6,281,645	$ 3,223,107	$ 4,773,067	$14,728,734	$15,929,572	$18,120,970	$22,946,106	$26,989,468	$26,702,099	$30,204,849
Business-type activities										
Net investment in capital assets	$ 9,277,027	$ 9,156,309	$ 9,247,153	$ 9,487,320	$ 9,196,069	$10,178,024	$ 9,940,276	$11,535,234	$13,204,214	$16,566,933
Restricted	221,555	270,622	290,212	234,130	285,204	353,588	459,322	564,638	718,390	814,176
Unrestricted	1,023,920	1,479,868	1,623,436	1,171,547	1,796,196	2,164,324	484,796	1,427,280	3,689,318	4,194,037
Total business-type activities net position	$10,522,502	$10,906,799	$11,160,801	$10,892,997	$11,277,469	$12,695,936	$10,884,394	$13,527,152	$17,611,922	$21,575,146
Primary government										
Net investment in capital assets	$13,410,451	$13,347,299	$14,284,668	$26,979,146	$28,152,772	$29,188,441	$32,684,452	$35,650,680	$34,348,996	$39,587,971
Restricted	1,676,885	538,068	1,936,642	1,425,349	1,438,313	2,022,432	2,458,110	3,276,440	8,072,690	9,059,281
Unrestricted (deficit)	1,716,811	244,539	(287,442)	(2,782,764)	(2,384,044)	(393,967)	(1,312,062)	1,589,500	1,892,335	3,132,743
Total primary government net position	$16,804,147	$14,129,906	$15,933,868	$25,621,731	$27,207,041	$30,816,906	$33,830,500	$40,516,620	$44,314,021	$51,779,995

Source: Annual Comprehensive Financial Report

Note 1: The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF KAUFMAN, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Expenses										
Governmental Activities:										
General government	$ 890,648	$ 795,430	$ 889,202	$ 1,203,419	$ 1,250,680	$ 1,608,805	$ 1,920,745	$ 2,211,572	$ 2,254,744	$ 2,637,169
Public safety	2,183,520	1,965,831	2,369,520	3,538,527	2,552,968	2,881,999	2,962,254	3,142,270	3,511,560	3,689,184
Public works	11,557,777	5,152,645	998,534	1,491,850	1,557,214	1,583,450	2,152,773	2,171,894	2,970,165	2,251,365
Public services and operations	435,194	336,920	324,759	613,769	465,988	484,396	786,677	758,695	839,985	919,273
Parks and recreational	322,998	466,463	503,986	593,384	493,476	532,166	971,142	1,015,594	1,261,769	1,339,929
Interest on long-term debt	620,218	571,583	645,093	699,605	752,700	859,089	883,309	982,487	1,034,259	1,135,737
Total governmental activities expenses	16,010,355	9,288,872	5,731,094	8,140,554	7,073,026	7,949,905	9,676,900	10,282,512	11,872,482	11,972,657
Business-type Activities:										
Utilities	3,515,919	3,767,304	3,816,367	4,771,558	4,144,684	4,678,519	4,860,578	4,962,431	5,692,191	6,400,138
Drainage	-	118,100	71,999	103,555	104,554	167,555	96,975	133,639	201,339	352,401
Total business-type activities expenses	3,515,919	3,885,404	3,888,366	4,875,113	4,249,238	4,846,074	4,957,553	5,096,070	5,893,530	6,752,539
Total Expenses	$ 19,526,274	$ 13,174,276	$ 9,619,460	$ 13,015,667	$ 11,322,264	$ 12,795,979	$ 14,634,453	$ 15,378,582	$ 17,766,012	$ 18,725,196
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	$ 403,294	$ 265,178	$ 288,218	$ 255,191	$ 319,138	$ 325,461	$ 478,459	$ 463,010	$ 706,957	$ 1,057,807
Public safety	274,775	219,331	195,061	243,904	101,723	88,611	96,736	112,276	170,055	161,288
Public works	32,865	265,714	295,618	307,105	333,688	353,810	405,040	468,320	478,248	498,526
Public services and operations	47,557	-	-	-	-	-	-	-	-	-
Parks and recreational	725	1,105	1,870	1,225	340	300	17,125	49,569	71,741	93,455
Operating grants and contributions	7,928,705	32,720	48,395	417,325	48,464	734,245	1,040,503	1,214,647	315,404	377,068
Capital grants and contributions	1,529,071	742,919	1,401,852	10,997,630	1,197,213	847,033	1,978,313	1,949,660	1,455,357	1,798,304
Total Governmental Activities Program Revenues	10,216,992	1,526,967	2,231,014	12,222,380	2,000,566	2,349,460	4,016,176	4,257,482	3,197,762	3,986,448
Business-type Activities:										
Charges for services:										
Utilities	3,242,295	3,953,166	3,886,217	4,282,739	4,250,741	4,558,234	4,152,661	5,368,524	5,830,773	6,599,986
Drainage	-	131,043	197,761	204,023	214,486	283,470	312,917	355,013	371,550	377,902
Operating grants and contributions	-	-	20,191	-	-	-	-	-	-	-
Capital grants and contributions	420,000	177,372	33,813	202,065	180,918	1,579,072	105,641	1,985,946	2,056,172	3,385,395
Total Business-type Activities Program Revenues	$ 3,662,295	$ 4,261,581	$ 4,137,982	$ 4,688,827	$ 4,646,145	$ 6,420,776	$ 4,571,219	$ 7,709,483	$ 8,258,495	$ 10,363,283
Total Program Revenues	$ 13,879,287	$ 5,788,548	$ 6,368,996	$ 16,911,207	$ 6,646,711	$ 8,770,236	$ 8,587,395	$ 11,966,965	$ 11,456,257	$ 14,349,731
NET (EXPENSE)/REVENUE										
Governmental Activities:	$ (5,793,363)	$ (7,761,905)	$ (3,500,080)	$ 4,081,826	$ (5,072,460)	$ (5,600,445)	$ (5,660,724)	$ (6,025,030)	$ (8,674,720)	$ (7,986,209)
Business-type Activities:	146,376	376,177	249,616	(186,286)	396,907	1,574,702	(386,334)	2,613,413	2,364,965	3,610,744
Total Net (Expense)/Revenue	$ (5,646,987)	$ (7,385,728)	$ (3,250,464)	$ 3,895,540	$ (4,675,553)	$ (4,025,743)	$ (6,047,058)	$ (3,411,617)	$ (6,309,755)	$ (4,375,465)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL REVENUES										
Governmental Activities:										
Property taxes	$ 1,990,159	$ 2,114,025	$ 2,370,809	$ 3,015,217	$ 3,213,811	$ 3,631,892	$ 3,949,549	$ 4,339,370	$ 5,113,297	$ 5,888,414
Sales taxes	1,842,273	2,022,782	2,070,430	2,314,065	2,354,351	3,079,254	3,404,619	3,919,349	4,153,904	4,428,258
Franchise taxes	397,783	403,640	425,130	425,109	432,662	423,057	450,306	520,843	557,470	559,625
Hotel occupancy taxes	20,196	33,420	31,825	43,746	45,445	42,492	54,641	63,691	43,731	39,218
Alcoholic beverage taxes	6,914	8,042	8,028	12,114	10,749	9,673	11,074	15,435	17,759	38,351
Investment earnings	17,360	6,170	5,214	11,134	12,545	10,667	5,119	7,367	17,097	139,293
Gain on sale of capital assets	-	20,487	-	-	10,321	21,025	1,148,754	850,697	121,306	6,000
Miscellaneous	54,397	91,801	115,475	98,122	152,026	400,248	277,807	366,493	322,495	615,322
Transfers	(284,430)	3,000	23,129	57,656	41,388	173,535	1,433,991	(14,853)	(1,959,708)	(225,522)
Total Governmental Activities	4,044,652	4,703,367	5,050,040	5,977,163	6,273,298	7,791,843	10,735,860	10,068,392	8,387,351	11,488,959
Business-type Activities:										
Investment earnings	12,278	11,120	11,985	13,376	20,528	15,500	8,783	6,942	13,413	126,957
Gain (loss) on sale of capital assets	-	-	14,679	-	6,545	1,800	-	7,550	(253,316)	-
Miscellaneous	74,786	-	851	1,013	1,880	-	-	-	-	-
Transfers	284,430	(3,000)	(23,129)	(57,656)	(41,388)	(173,535)	(1,433,991)	14,853	1,959,708	225,522
Total Business-type Activities	371,494	8,120	4,386	(43,267)	(12,435)	(156,235)	(1,425,208)	29,345	1,719,805	352,479
Total Primary Government	$ 4,416,146	$ 4,711,487	$ 5,054,426	$ 5,933,896	$ 6,260,863	$ 7,635,608	$ 9,310,652	$ 10,097,737	$ 10,107,156	$ 11,841,438
CHANGE IN NET POSITION										
Governmental activities	$ (1,748,711)	$ (3,058,538)	$ 1,549,960	$ 10,058,989	$ 1,200,838	$ 2,191,398	$ 5,075,136	$ 4,043,362	$ (287,369)	$ 3,502,750
Business-type activities	517,870	384,297	254,002	(229,553)	384,472	1,418,467	(1,811,542)	2,642,758	4,084,770	3,963,223
Total Change in Net Position	$ (1,230,841)	$ (2,674,241)	$ 1,803,962	$ 9,829,436	$ 1,585,310	$ 3,609,865	$ 3,263,594	$ 6,686,120	$ 3,797,401	$ 7,465,973

Source: Annual Comprehensive Financial Report

Note 1: The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

CITY OF KAUFMAN, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
General fund										
Nonspendable	$ 74,913	$ 28,127	$ 60,472	$ 60,990	$ 65,050	$ 81,768	$ 150,166	$ 81,000	$ 97,326	$ 68,136
Restricted	-	-	-	-	-	-	-	89,272	151,318	-
Assigned	96,818	96,985	100,476	34,526	36,085	319,052	1,378,601	1,880,754	-	-
Unassigned	928,996	1,399,264	1,523,945	1,780,866	2,150,553	2,840,126	2,746,646	3,229,578	3,749,914	4,396,248
Total general fund	$ 1,100,727	$ 1,524,376	$ 1,684,893	$ 1,876,382	$ 2,251,688	$ 3,240,946	$ 4,275,413	$ 5,280,604	$ 3,998,558	$ 4,464,384
All other governmental funds										
Restricted	$ 2,215,242	$ 3,045,274	$ 10,211,061	$ 4,722,424	$ 2,701,503	$ 2,730,763	$ 2,001,701	$ 7,203,336	$ 10,936,963	$ 12,260,547
Assigned	439,247	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(6,712)	(1,078,295)	(911,356)	(931,090)	(503,650)	(916,034)	(977,791)
Total all other governmental funds	$ 2,654,489	$ 3,045,274	$ 10,211,061	$ 4,715,712	$ 1,623,208	$ 1,819,407	$ 1,070,611	$ 6,699,686	$ 10,020,929	$ 11,282,756

Source: Annual Comprehensive Financial Report

CITY OF KAUFMAN, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
REVENUES										
Property taxes	$ 1,941,275	$ 2,160,878	$ 2,323,203	$ 2,963,053	$ 3,298,235	$ 3,625,768	$ 3,936,639	$ 4,195,564	$ 4,951,851	$ 5,588,987
Sales taxes	1,842,273	2,022,782	2,070,430	2,314,065	2,354,351	3,079,254	3,404,619	3,919,349	4,153,904	4,428,258
Franchise fees	397,783	403,640	425,130	425,109	432,662	423,057	450,306	520,843	557,470	559,625
Hotel occupancy taxes	29,799	33,420	31,825	43,746	45,445	42,492	54,641	63,691	43,731	39,218
Alcoholic beverage taxes	6,914	8,042	8,028	12,114	10,749	9,673	11,074	15,435	17,759	38,351
Licenses and permits	171,781	265,178	288,218	255,191	319,138	325,461	478,459	463,010	706,957	1,057,807
Fines and forfeitures	264,801	219,332	195,063	243,905	101,723	88,611	96,737	112,275	170,055	161,288
Charges for current services	252,951	266,819	297,488	308,330	334,028	354,110	422,165	517,850	549,989	591,981
Impact fees	32,864	-	-	-	-	-	-	-	-	-
Grants	4,366	-	-	-	-	-	-	-	-	-
Investment earnings	17,360	6,166	5,213	11,133	12,545	10,667	5,119	7,367	17,097	139,293
Miscellaneous	55,927	91,806	115,474	98,120	152,026	400,248	277,807	366,493	322,495	615,322
Intergovernmental	16,093,021	774,130	1,022,142	3,104,374	1,593,990	1,856,886	3,986,969	3,340,267	1,305,992	1,396,385
Contributions and donations	1,256	1,510	2,263	42,818	3,263	700	3,565	56,483	116,270	56,942
Total revenues	21,112,371	6,253,703	6,784,477	9,821,958	8,658,155	10,216,927	13,128,100	13,578,627	12,913,570	14,673,457
EXPENDITURES										
Current:										
General government	875,001	847,136	892,264	977,146	1,218,020	1,523,623	2,952,821	2,194,919	2,176,501	2,543,028
Public safety	2,235,392	2,452,185	2,565,841	3,302,819	2,616,004	2,971,292	3,669,142	3,138,020	3,244,707	3,626,034
Public works	11,287,061	4,948,322	676,340	698,911	2,345,705	843,569	1,493,206	1,189,357	1,907,381	1,303,542
Public services and operations	329,880	412,349	318,491	497,534	479,060	476,790	809,143	678,662	796,020	761,613
Parks and recreational	297,773	2,036,212	385,809	418,815	377,836	439,875	994,862	848,008	1,309,381	1,143,760
Debt service:										
Principal retirement	602,711	618,456	1,326,415	1,694,358	1,723,817	1,544,280	1,804,672	1,816,531	1,848,546	2,120,228
Interest and fiscal charges	556,638	530,831	573,135	793,833	787,324	827,584	874,621	849,938	1,037,948	1,169,611
Bond issuance charges	-	57,936	55,169	-	-	51,399	30,000	155,952	29,138	-
Capital outlay	427,720	466,551	3,475,387	8,127,008	1,986,602	4,432,532	4,772,564	1,098,964	1,268,969	382,863
Total expenditures	16,612,176	12,369,978	10,268,851	16,510,424	11,534,368	13,110,944	17,401,031	11,970,351	13,618,591	13,050,679
Excess (deficiency) of revenues over (under) expenditures	4,500,195	(6,116,275)	(3,484,374)	(6,688,466)	(2,876,213)	(2,894,017)	(4,272,931)	1,608,276	(705,021)	1,622,778
OTHER FINANCING SOURCES (USES)										
Transfers in	2,623,944	3,074,491	575,559	2,230,272	626,852	682,825	3,034,357	997,082	1,131,620	2,019,612
Transfers out	(2,908,374)	(3,071,491)	(552,430)	(2,172,616)	(585,464)	(509,290)	(1,600,366)	(1,011,935)	(3,091,328)	(2,245,134)
Certificates of obligation issued	-	1,250,000	-	-	-	3,455,000	-	3,885,000	4,225,000	-
General obligation bonds issued	-	1,000,000	9,830,000	-	-	-	-	1,100,000	-	-
Refunding bonds issued	-	275,000	-	-	-	-	-	-	-	-
Tax note issued	-	365,000	-	-	-	-	1,130,000	-	-	-
Pass through bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(277,515)	-	-	-	-	-	(1,130,000)	-	-
Premium on bonds issued	-	1,248	-	-	-	97,149	-	244,229	214,139	-
Note payable issued	4,438,669	-	-	-	-	-	-	-	-	-
Leases issued	-	-	136,423	-	107,305	296,765	908,952	90,917	179,769	324,397
Sale of capital assets	35,289	20,487	23,447	-	10,321	21,025	1,371,659	850,697	85,018	6,000
Total other financing sources (uses)	4,189,528	2,637,220	10,012,999	57,656	159,014	4,043,474	4,844,602	5,025,990	2,744,218	104,875
Net change in fund balances	$ 8,689,723	$ (3,479,055)	$ 6,528,625	$ (6,630,810)	$ (2,717,199)	$ 1,149,457	$ 571,671	$ 6,634,266	$ 2,039,197	$ 1,727,653
Debt service as a percentage of noncapital expenditures	7.16%	11.38%	30.10%	32.70%	32.07%	28.68%	26.51%	27.10%	28.11%	27.27%

Source: Annual Comprehensive Financial Report

CITY OF KAUFMAN, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended September 30	Estimated Actual Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Rate
	Real Property	Personal Property					
2015	$ 328,703,417	$ 45,524,420	$ 99,621,127	$ 274,606,710	73.38%	$ 374,227,837	$0.70249
2016	338,385,382	47,963,990	103,979,495	282,369,877	73.09%	386,349,372	0.70249
2017	365,457,870	60,754,710	130,166,145	296,046,435	69.46%	426,212,580	0.77726
2018	375,220,983	60,500,840	134,968,935	300,752,888	69.02%	435,721,823	0.89937
2019	389,763,658	79,031,250	133,077,698	335,717,210	71.61%	468,794,908	0.89865
2020	494,627,469	72,226,600	149,564,850	417,289,219	73.61%	566,854,069	0.84865
2021	544,663,186	78,166,870	158,621,467	464,208,589	74.53%	622,830,056	0.82168
2022	637,979,809	75,953,272	182,861,000	531,072,081	74.39%	713,933,081	0.79997
2023	764,328,033	88,623,934	217,347,147	635,604,820	74.52%	852,951,967	0.76798
2024	946,549,661	98,436,106	282,050,804	762,934,963	73.01%	1,044,985,767	0.76000

Source: City Administration Office.

Note: Property is reassessed annually. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per $100 of assessed value.

CITY OF KAUFMAN, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING[1] GOVERNMENTS
Last Ten Fiscal Years

	City of Kaufman			Overlapping Rates			
Fiscal Year	**Operating / General Rate**	**General Obligation Debt Service**	**Total Direct**	**Kaufman Independent School District**	**Kaufman County**	**Trinity Valley Community College**	**Total Direct and Overlapping Rates**
2015	$ 0.49769	$ 0.20480	$ 0.70249	$ 1.30000	$ 0.57620	$ 0.10360	$ 2.68229
2016	0.50735	0.19514	0.70249	1.46000	0.57620	0.12674	2.86543
2017	0.50735	0.26991	0.77726	1.53000	0.58870	0.13567	3.03163
2018	0.50735	0.39202	0.89937	1.55000	0.58870	0.13854	3.17661
2019	0.53504	0.36361	0.89865	1.55000	0.58870	0.13854	3.17589
2020	0.54794	0.30071	0.84865	1.55000	0.58870	0.13854	3.12589
2021	0.50109	0.32059	0.82168	1.28760	0.50496	0.13854	2.75278
2022	0.49317	0.30680	0.79997	1.28760	0.46117	0.13605	2.68479
2023	0.48000	0.28797	0.76798	1.27020	0.41626	0.11549	2.56993
2024	0.49802	0.26198	0.76000	1.08480	0.41146	0.11099	2.36725

Source: City Administration Office

[1] Overlapping rates are those of local and county governments that apply to property owners within the City of Kaufman, Texas.

CITY OF KAUFMAN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

	2024 [1]			2015 [2]		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
ITS Equipment Leasing & Maintenance LLC	$ 15,822,184	1	2.07%		-	-
Plum Tree Apartments Lp	15,362,000	2	2.01%		-	-
JWS Land Ltd.	14,371,464	3	1.88%	$ 2,403,260	8	0.88%
Wal-Mart Real Estate Business Trust	10,121,264	4	1.33%	9,292,920	3	3.38%
Mica Steelworks, Inc./Falcon Steel Inc.	9,604,946	5	1.26%	6,539,020	4	2.38%
Mack Kaufman LLC	9,540,000	6	1.25%		-	-
Brookshire Grocery Co.	7,197,294	7	0.94%	2,254,160	9	0.82%
Tables Manufacturing Inc.	6,172,300	8	0.81%	3,602,160	6	1.31%
L3 Patriot Center Kaufman LLC	5,600,000	9	0.73%		-	-
Bloomfield Homes LP	5,593,971	10	0.73%		-	-
Kolder Inc.		-	-	3,197,430	7	0.42%
Abox Paperboard		-	-	10,307,810	1	3.75%
BW Ranch, Inc.		-	-	4,819,880	5	1.76%
Wal-mart Sores		-	-	9,309,100	2	3.39%
Oncor Electric Delivery Co.		-	-	2,125,280	10	0.77%
Total	$ 99,385,423		13.03%	$ 53,851,020		18.86%

Source: [1] www.kaufman-cad.net
[2] City Administration Office.

CITY OF KAUFMAN, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2015	$ 1,983,620	$ 1,906,266	96.10	$ 71,567	$ 1,977,833	99.71
2016	2,081,279	2,040,636	98.05	35,451	2,076,087	99.75
2017	2,336,670	2,244,619	96.06	88,207	2,332,826	99.84
2018	3,086,895	2,939,233	95.22	142,402	3,081,635	99.83
2019	3,264,706	3,213,590	98.43	45,241	3,258,831	99.82
2020	3,714,078	3,647,045	98.20	51,665	3,698,710	99.59
2021	3,989,099	3,903,913	97.86	60,559	3,964,472	99.38
2022	4,295,131	4,209,216	98.00	40,637	4,249,853	98.95
2023	5,064,291	4,957,485	97.89	38,670	4,996,155	98.65
2024	5,816,448	5,608,651	96.43	-	5,608,651	96.43

Source: Kaufman County Tax Office

CITY OF KAUFMAN, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	Certificates of Obligation	General Obligation Bonds	Pass Through Bonds	Notes Payable	Tax Anticipation Note	Development Agreement Payable	Leases
2015	$ 1,425,850	$ 917,072	$ 8,223,382	$ 8,938,669	$ -	$ 1,356,000	$ 416,042
2016	2,220,116	2,054,378	8,224,918	8,917,995	365,000	1,017,000	340,761
2017	2,140,394	11,692,909	7,921,454	8,644,726	305,000	678,000	399,238
2018	2,055,672	11,407,278	7,612,989	8,141,695	245,000	339,000	286,511
2019	1,965,950	11,082,192	7,299,526	7,623,560	185,000	-	316,534
2020	5,427,297	10,731,508	6,976,062	7,106,535	125,000	-	411,044
2021	5,197,462	10,375,823	6,647,598	6,555,855	1,195,000	-	1,036,004
2022	9,066,709	11,133,052	6,309,135	5,953,975	-	-	912,270
2023	13,133,134	10,802,015	5,965,671	5,347,468	-	-	880,000
2024	12,591,051	10,465,979	5,607,207	4,705,497	-	-	936,140

	Business- Activities							
Fiscal Year	Certificates of Obligation	General Obligation Bonds	Development Agreement Payable	Note Payable	Leases	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2015	$ 1,916,150	$ 436,107	$ 549,263	$ -	$ 31,557	$ 24,210,092	9.36%	$ 3,498
2016	5,747,495	1,551,299	404,916	-	16,302	30,860,180	11.32%	4,312
2017	5,534,902	1,371,788	404,916	-	140,191	39,233,518	14.13%	5,464
2018	7,970,637	1,185,677	135,000	-	106,606	39,486,065	14.20%	5,393
2019	7,667,627	999,365	120,000	-	72,065	37,331,819	11.67%	5,000
2020	12,405,908	828,654	105,000	-	73,444	44,190,452	10.79%	5,455
2021	11,938,934	647,942	90,000	2,631,000	70,166	46,385,784	11.19%	5,513
2022	11,456,959	472,231	75,000	2,527,484	83,874	47,990,689	11.42%	5,691
2023	15,941,886	346,745	60,000	2,421,433	152,703	55,051,055	11.60%	6,419
2024	15,182,742	216,258	45,000	2,312,783	185,138	52,247,795	11.01%	6,092

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

[1] Personal income data and population data can be found in the Schedule of Demographic and Economic Statistics on page 119.

CITY OF KAUFMAN, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING [1]

Last Ten Fiscal Years

Fiscal Year	Certificates of Obligation	General Obligation Bonds	Tax Anticipation Note	Development Agreement Payable	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value[2] of Property	Per Capita[3]
2015	$ 3,342,000	$ 1,353,179	$ -	$ 1,905,263	$ 118,828	$ 6,481,614	2.36%	$ 936
2016	7,967,611	3,605,677	365,000	1,421,916	124,819	13,235,385	4.69%	1,850
2017	7,675,296	13,064,697	305,000	1,082,916	271,861	21,856,048	7.38%	3,044
2018	10,026,309	12,592,955	245,000	474,000	385,644	22,952,620	7.63%	3,135
2019	9,633,577	12,081,557	185,000	120,000	507,966	21,512,168	6.41%	2,881
2020	17,833,205	11,560,162	125,000	105,000	464,575	29,158,792	6.99%	3,599
2021	17,136,396	11,023,765	1,195,000	90,000	498,975	28,946,186	6.24%	3,440
2022	20,523,668	11,605,283	-	75,000	655,883	31,548,068	5.94%	3,741
2023	29,075,020	11,148,760	-	60,000	902,589	39,381,191	6.20%	4,592
2024	27,773,793	10,682,237	-	45,000	1,061,310	37,439,720	4.91%	4,069

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

[1] General Bonded Debt Outstanding does not include notes payable that will not be repaid with general government resources.

[2] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 111 for property value data.

[3] Population data can be found in the Schedule of Demographic and Economic Statistics on page 119.

CITY OF KAUFMAN, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Amounts Applicable to Primary Government
Debt repaid with property taxes: Kaufman County	$175,490,000	3.84%	$ 6,738,816
Debt repaid with property taxes: Kaufman ISD	161,695,000	43.98%	71,113,461
Debt repaid with property taxes: Crandall ISD	238,300,000	0.04%	95,320
Subtotal, overlapping debt			77,947,597
City of Kaufman, Texas direct debt			34,305,874
Total direct and overlapping debt			$ 112,253,471

Source: Texas Municipal Reports

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

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county and school district's taxable assessed value that is within the city's boundaries and dividing it by the county and school district's total taxable assessed value.

CITY OF KAUFMAN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

	Waterworks and Sewer System Revenue Bonds					
		Less	Net	Debt Service		
Fiscal Year	Total Revenues[1]	Operating Expenses[2]	Available Revenue	Principal	Interest	Times Coverage
2015	$ 3,191,532	$ 2,621,892	$ 569,640	$ 619,800	$ 89,400	0.80
2016	3,942,046	2,670,799	1,271,247	154,363	154,349	4.12
2017	3,874,232	2,767,539	1,106,693	383,800	131,734	2.15
2018	4,269,363	3,587,127	682,236	420,400	188,713	1.12
2019	4,271,269	2,929,045	1,342,224	480,600	230,814	1.89
2020	4,575,185	3,347,656	1,227,529	440,000	212,539	1.88
2021	4,157,025	3,385,276	771,749	465,000	205,079	1.15
2022	5,381,641	3,455,276	1,926,365	460,000	184,484	2.99
2023	5,844,186	4,043,431	1,800,755	470,000	185,656	2.75
2024	6,695,008	4,469,168	2,225,840	575,000	269,472	2.64

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

[1] Includes operating and nonoperating revenues.

[2] Includes operating expenses minus depreciation.

CITY OF KAUFMAN, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Estimated Population[1]	Personal Income[1]	Per Capita Personal Income[2]	Median Age[2]	School Enrollment[3]	Unemployment Rate[4]
2015	6,922	$ 258,522,856	$ 37,348	37.0	3,844	4.9 % [5]
2016	7,156	272,686,536	38,106	34.0	3,851	3.6
2017	7,181	277,624,641	38,661	34.6	3,931	3.1
2018	7,322	278,074,916	37,978	35.6	4,002	3.2
2019	7,467	319,863,879	42,837	35.4	4,018	3.8
2020	8,101	409,716,176	50,576	33.9	4,055	5.9
2021	8,414	414,549,366	49,269	33.9	4,165	4.3
2022	8,432	420,141,264	49,827	33.7	4,128	3.4
2023	8,576	474,673,024	55,349	31.7	4,313	4.1
2024	9,201	536,133,069	58,269	32.7	4,378	4.4

Sources:

[1] North Central Texas Council of Governments

[2] U.S. Department of Commerce - Bureau of Economic Analysis

[3] Kaufman Independent School District

[4] Texas Workforce Commission

[5] www.citydata.com

CITY OF KAUFMAN, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2024			2015		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Kaufman County	730	1	18.41%	510	2	11.89%
Kaufman ISD	586	2	14.78%	519	1	12.10%
Walmart	323	3	8.15%	300	3	7.00%
Numo Manufacturing	175	4	4.41%	118	9	2.75%
Texas Health Presbyterian	173	5	4.36%	250	4	5.83%
Advanced Tabco / Tables Mfg. Inc.	168	6	4.24%	150	6	3.50%
Trinity Valley Electric Cooperative	145	7	3.66%	156	5	3.64%
Mica Steelworks, Inc./Falcon Steel Inc.	104	9	2.62%	143	7	3.33%
Brookshire's Grocery Company	98	8	2.47%	125	8	2.92%
City of Kaufman	83	10	2.09%	-	-	-
Abox Packaging	-	-	-	110	10	2.57%
Total	2,585		65.20%	2,381		55.53%

Source: City Administration Office.

CITY OF KAUFMAN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Full-time Equivalent as of September 30									
Function	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
General Government										
Administrative Services										
Administration	1	1	1	2	2	3	3	3	3	5
City Secretary	1	1	1	1	1	1	1	1	1	1
Secretary/Admin Assistant	1	1	1	-	-	1	1	1	2	1
Financial Services										
Finance	6	5	5	5	5	5	5	6	6	6
Municipal Court	1	1	1	1	1	1	1	1	1	2
Municipal Court Judge	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police	25	25	24	24	23	21	19	20	22	24
Development Services	3	3	3	3	3	3	5	5	5	5
Fire	6	6	6	6	7	7	7	8	9	10
Streets	10	10	12	12	7	6	8	8	9	9
Parks					5	6	6	7	7	9
Water and Sewer Systems	14	14	13	13	13	13	13	13	15	14
Total	69	68	68	68	68	68	70	74	81	87

Source: City Administration Office.

CITY OF KAUFMAN, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
Function	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Police										
UCR - Reported Crimes	209	200	230	201	175	187	109	94	137	596
Number of Violations (Citations)	6,995	5,845	6,933	4,872	5,198	1,989	2,199	4,073	4,707	1,352
Judicial										
Municipal Court Fines	$ 289,161	$ 211,091	$ 172,099	$ 114,402	$ 91,687	$ 84,158	$ 91,063	$105,418	$149,063	$149,365
Fire										
Fire Calls	1,156	1,569	1,974	2,271	2,414	2,352	2,585	2,437	2,774	2,681
Fire Loss	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable
Inspection										
Permits Issued (Units)	485	431	572	522	512	439	460	524	648	422
Permit Value	$14,036,494	$56,041,030	$14,769,321	$18,776,255	$14,549,894	$17,998,163	$31,014,968	$50,032,595	$50,909,681	$50,667,919
Streets										
Miles of Streets Maintained	35.81	35.81	35.81	37.31	37.31	37.74	37.74	37.74	39.00	43.00
Health										
Animals Impounded	226	279	164	203	190	265	181	193	221	127
Cultural and Recreational										
Parks										
Parks Maintained	5	5	5	5	5	5	5	5	5	6
Sanitation Service										
Refuse Customers	1,686	1,859	2,245	1,784	1,932	1,928	1,988	2,044	2,118	2,512
Water										
Number of Water Customers	2,374	2,551	2,480	2,651	2,639	2,680	2,726	2,820	2,933	2,932
Estimated Gallons Billed (in thousands)	299,781	328,672	289,399	261,916	284,801	212,782	211,317	340,945	383,071	362,445
Sewer										
Number of Wastewater Customers	2,111	2,190	2,104	1,974	2,254	2,248	2,321	2,390	2,486	2,515

Sources: Various city departments.

CITY OF KAUFMAN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
Function	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire Hydrants	362	364	456	456	456	484	496	522	545	580
Streets										
Miles of Streets	35.81	35.81	35.81	37.31	37.31	37.74	37.74	37.74	39.00	43.00
Cultural and Recreational										
Parks Maintained	5	5	5	5	5	5	5	5	5	6
Water										
Water Storage Capacity (gallons)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Sewer										
Sewer Plant Capacity (million gallons per day)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

Sources: Various city departments.

OTHER REPORT

YWRD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of Kaufman, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kaufman, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Kaufman, Texas' basic financial statements and have issued our report thereon dated March 28, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described below, that we consider to be a material weakness.

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120
405 Sycamore St. | Waxahachie, Texas 75165
P: 972.878.2611 | www.ywrd.cpa | F: 972.878.2220

FINDING

Preparation of Financial Statements – We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on current auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with a governmental entity of your size.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy and we have answered any questions that management might have. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Under the circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information to the amounts reported in the financial statements.

RESPONSE

Procedures will be implemented by the City to review the financial statements and related footnote disclosures and to agree the City's accounting information to the amounts reported in the financial statements and related footnote disclosures.

Report on Compliance and Other Matters

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

Purpose of This Report

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

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Waxahachie, TX
March 28, 2025