

ANNUAL FINANCIAL REPORT
OF THE
CITY OF COOPER, TEXAS
FOR
FISCAL YEAR ENDED
SEPTEMBER 30, 2024



**CITY OF COOPER, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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INTRODUCTORY SECTION

City of Cooper, Texas
City Council
For the Year Ended September 30, 2024

Darren Braddy	Mayor
Josh Hoskison	Mayor Pro Tem
David Phillips	Council member
Diane Stegall	Council member
Scotty Deatherage	Council member
Linda Barnes	Council member

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA
266 RCR 1397
Point, Texas 75472

(903) 269-6211

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Cooper, Texas
91 North Side Square
Cooper, Texas 75432

Members of the City Council:

Opinions

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cooper, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cooper, Texas'

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Cooper, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cooper, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

In connection with the audit of the basic financial statements, my 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, I conclude that an uncorrected misstatement of the other information exists, I am required to describe it in my report.

Respectfully Submitted,

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas
August 5, 2025

CITY OF COOPER, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2024

As management of the City of Cooper ("City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative:

Financial Highlights

- The assets exceeded liabilities of the City at the close of the fiscal year by \$4,636,115 (net position). This is an increase of \$148,195, or 1.43%, from the prior fiscal year's net position. Of this amount, \$337,172, or 7%, is restricted for grant use.

The amount of \$2,661,557, or 57%, of total net position is invested in capital assets, and the remaining \$1,637,386, or 35%, is unrestricted net position.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$1,715,778, a increase of \$289,272. Approximately 80.% of this total amount, or \$1,378,606 is available for spending at the City's discretion, (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$879,274, or 84%, of total general fund expenditures.
- The City's total debt decreased by (\$71,072) during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Cooper.

**CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024**

Basic Financial Statements

The first two statements (pages 17-20) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 21-29) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary financial statements.

The next section of the basic financial statements are the **notes** on pages 30-45. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show details about the City's pension plan on pages 47-50.

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements are on pages 17-20 of this report.

Fund Financial Statements

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

CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Other Governmental Funds. The Governmental Fund financial statements can be found on pages 21-29 of this report.

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

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

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30-45 of this report.

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

CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	1,916,197	\$ 1,387,745	\$ 1,469,595	\$ 1,412,348	\$ 3,385,792	\$ 2,800,093
Capital assets	1,316,047	1,348,599	3,713,830	3,946,440	5,029,877	5,295,039
Total assets	3,232,244	2,736,344	5,183,425	5,358,788	8,415,669	8,095,132
Deferred outflow of resources	78,950	-	119,156	-	198,106	-
Current liabilities	66,136	2,631	192,716	79,591	258,852	82,222
Long-term liabilities	178,273	98,180	2,213,440	3,550,728	2,391,713	3,648,908
Total liabilities	244,409	100,811	2,406,156	3,630,319	2,650,565	3,731,130
Deferred inflow of resources	51,097	-	77,120	-	128,217	-
Net position:						
Net investment in capital assets	1,278,680	1,250,419	1,382,877	1,502,167	2,661,557	2,752,586
Restricted	337,172	322,797	-	-	337,172	322,797
Unrestricted	1,399,836	1,062,317	237,550	226,302	1,637,386	1,288,619
Total net position	\$ 3,015,688	\$ 2,635,533	\$ 1,620,427	\$ 1,728,469	\$ 4,636,115	\$ 4,364,002

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$4,636,115, for the fiscal year ended September 30, 2024. Net position increased by \$148,195 for the fiscal year ended September 30, 2024, including prior period adjustments.

Net investment in capital assets:

The largest portion of the City's net position, \$2,661,557, or 57%, reflects the City's investment in capital assets, (e.g. buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources; since the capital assets cannot be used to liquidate these liabilities.

Restricted net position:

Restricted net position of \$337,172, or 7%, represents amounts that are subject to external restrictions on how they may be used, or by enabling legislation. Restricted net position is comprised of state imposed or third party restrictions; namely, 100%, or \$337,172, for grant expenditures.

Unrestricted net position:

Unrestricted net position in the amount of \$1,637,386, or 35%, is available to fund City programs to citizens and creditors.

CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUE						
Program Revenues:						
Charge for Services	29,772	56,189	1,469,182	1,291,691	1,498,954	1,347,880
Operational Grants and Contributions	17,241	75,400	-	-	17,241	75,400
Capital Grants and Contributions	55,118	655,203	-	-	55,118	655,203
General Revenues:						
Property Tax	813,983	759,541	29,112	30,754	843,095	790,295
Franchise Tax	93,873	94,470	-	-	93,873	94,470
Sales Tax	284,547	247,370	-	-	284,547	247,370
Investment Income	43,578	1,149	46,869	36,222	90,447	37,371
Intergovernmental	129,000	-	-	-	129,000	-
Miscellaneous	76,607	39,802	26,739	31,200	103,346	71,002
Total Revenues	1,543,719	1,929,124	1,571,902	1,389,867	3,115,621	3,318,991
EXPENSES						
Program Expenses:						
General Government	851,793	752,949	-	-	851,793	752,949
Public Safety	108,369	181,823	-	-	108,369	181,823
Public Works	281,569	297,532	-	-	281,569	297,532
Grants	94,488	196,939	-	-	94,488	196,939
Sanitation	-	-	-	276,658	-	276,658
Interest on Long-term Debt	2,455	3,235	-	-	2,455	3,235
Water and Sewer	-	-	1,481,427	1,197,091	1,481,427	1,197,091
Big Creek Lake	-	-	147,327	149,584	147,327	149,584
Total Expenses	1,338,674	1,432,478	1,628,754	1,623,333	2,967,428	3,055,811
Increase (decrease) in net position before transfers	205,045	496,646	(56,852)	(233,466)	148,193	263,180
Transfers	22,960	(251,422)	(22,960)	251,422	-	-
Increase (decrease) in net position	228,005	245,224	(79,812)	17,956	148,193	263,180
Net Position - October 1	2,635,533	2,390,309	1,728,469	1,710,513	4,364,002	4,100,822
Prior Period Adjustments	152,150	-	(28,230)	-	123,920	-
Net Position - September 30	\$ 3,015,688	\$ 2,635,533	\$ 1,620,427	\$ 1,728,469	\$ 4,636,115	\$ 4,364,002

CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

Financial Analysis of the City's Funds

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

Governmental Funds - The focus of the City's governmental funds are to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2024, the governmental funds of the City reported a combined fund balance of \$1,715,778, a 20.9% increase when compared to the prior year. The components of total fund balance are as follows:

- * Restricted fund balance of \$337,172, or 19.7% of total fund balance consists of \$337,172, or 100.%, for grants related purposes.
- * Unassigned fund balance of \$1,378,606, or 80%, of total fund balance represents residual fund balance that has not been restricted, committed, or assigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$879,274, compared to \$1,385,114 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 85% of total expenditures.

As compared with the prior year, the net position of the other major governmental funds increased by \$289,272, at the end of the current fiscal year.

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

Total revenues were more than the budgeted amounts mainly in the area of property taxes. Expenditures were also more than budgeted amounts mainly in the Public Works functions.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the Proprietary Fund at the end of the fiscal year amounted to \$237,550.

CITY OF COOPER, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

Capital assets - The City of Cooper's capital assets for its governmental and business-type activities as of September 30, 2024, totals, \$4,911,187, net of accumulated depreciation. The capital assets include buildings, roads and streets, machinery and equipment, and water and sewer infrastructure

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

- * Equipment purchases
- * Vehicle purchase

Capital Assets
As of September 30, 2024
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 58,477	\$ 58,477	\$ -	\$ -	\$ 58,477	\$ 58,477
Infrastructure	468,736	157,779	3,533,131	3,332,540	4,001,867	3,490,319
Buildings	85,768	92,643	-	14,604	85,768	107,247
Machinery & Equipment	703,066	708,135	62,009	26,832	765,075	734,967
Construction in Process	-	331,565	-	449,348	-	780,913
Total	\$ 1,316,047	\$ 1,348,599	\$ 3,595,140	\$ 3,823,324	\$ 4,911,187	\$ 5,171,923

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

Long-term Debt - As of September 30, 2024, the City had total long-term debt outstanding of \$3,577,836 which decreased (\$71,072) from the previous year.

Outstanding Long-term Debt
As of September 30, 2024

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 166,695	\$ 98,180	\$ -	\$ -	\$ 166,695	\$ 98,180
Bonds payable	-	-	2,212,263	2,321,157	2,212,263	2,321,157
Water rights payable	-	-	1,198,878	1,229,571	1,198,878	1,229,571
Total	\$ 166,695	\$ 98,180	\$ 3,411,141	\$ 3,550,728	\$ 3,577,836	\$ 3,648,908

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

CITY OF COOPER
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2024

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in the City's finances. Questions concerning the information found in this report or requests for additional financial information should be directed to the City of Cooper, 91 North Side Square, Cooper Texas 75432.

BASIC FINANCIAL STATEMENTS

CITY OF COOPER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,334,426	\$ 94,032	\$ 1,428,458
Receivables (net of allowances for uncollectible)	244,599	61,950	306,549
Note receivable	-	1,045,182	1,045,182
Restricted assets:			
Cash and cash equivalents	337,172	268,431	605,603
Capital assets not being depreciated:			
Land	58,477	-	58,477
Capital assets net of accumulated depreciation:			
Machinery and equipment	703,066	62,009	765,075
Buildings and improvements	85,768	-	85,768
Infrastructure	468,736	3,533,131	4,001,867
Water rights (Net of Accumulated Amortization)	-	118,690	118,690
Total assets	3,232,244	5,183,425	8,415,669
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow - pension	75,225	113,534	188,759
Deferred outflow - other pension benefits	3,725	5,622	9,347
LIABILITIES			
Accounts payable	-	-	-
Accrued expenses	1,472	968	2,440
Customer deposits	-	77,854	77,854
Noncurrent liabilities:			
Due within one year:			
Notes payable	64,664	-	64,664
Bonds payable	-	113,894	113,894
Water rights payable	-	31,691	31,691
Due in more than one year:			
Net pension liability	58,538	88,350	146,888
Net other pension benefit liability	17,704	26,721	44,425
Notes payable	102,031	-	102,031
Bonds Payable	-	2,098,369	2,098,369
Water rights payable	-	1,167,187	1,167,187
Total liabilities	244,409	3,605,034	3,849,443
DEFERRED INFLOW OF RESOURCES			
Deferred inflow - pension	44,127	66,600	110,727
Deferred inflow - other pension benefits	6,970	10,520	17,490
NET POSITION			
Net investment in capital assets	1,278,680	1,382,877	2,661,557
Restricted for:			
Grant expenditures	337,172	-	337,172
Unrestricted	1,399,836	237,550	1,637,386
Total net position	\$ 3,015,688	\$ 1,620,427	\$ 4,636,115

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



**CITY OF COOPER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 851,793	\$ 29,772	\$ 17,241	\$ 55,118
Public safety	108,369	-	-	-
Public works	281,569	-	-	-
Grant	94,488	-	-	-
Interest on long-term debt	2,455	-	-	-
Total governmental activities	1,338,674	29,772	17,241	55,118
Business-type activities:				
Water, sewer, and refuse	1,481,425	1,469,182	-	-
Big Creek Lake	147,327	-	-	-
Total business-type activities	1,628,752	1,469,182	-	-
Total Primary Government	2,967,426	1,498,954	17,241	55,118

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

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

Net (Expense) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business Activities	Total
\$ (749,662)	\$ -	\$ (749,662)
(108,369)	-	(108,369)
(281,569)	-	(281,569)
(94,488)	-	(94,488)
(2,455)	-	(2,455)
(1,236,543)	-	(1,236,543)
-	(12,243)	(12,243)
-	(147,327)	(147,327)
-	(159,570)	(159,570)
(1,236,543)	(159,570)	(1,396,113)
\$ 813,983	\$ 29,112	\$ 843,095
284,547	-	284,547
93,873	-	93,873
43,578	46,869	90,447
129,000	-	129,000
76,607	26,739	103,346
22,960	(22,960)	-
1,464,548	79,760	1,544,308
228,005	(79,810)	148,195
2,635,533	1,728,467	4,364,000
152,150	(28,230)	123,920
\$ 3,015,688	\$ 1,620,427	\$ 4,636,115

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

CITY OF COOPER, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Street & Bridge	Special Reserve	Total
ASSETS				
Cash and cash equivalents	\$ 880,747	\$ 453,679	\$ -	\$ 1,334,426
Receivables (net of allowance for uncollectibles)	198,946	45,653	-	244,599
Restricted cash and cash equivalents	-	-	337,172	337,172
Total assets	<u>1,079,693</u>	<u>499,332</u>	<u>337,172</u>	<u>1,916,197</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued expenses	1,473	-	-	1,473
Total liabilities	<u>1,473</u>	<u>-</u>	<u>-</u>	<u>1,473</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	198,946	-	-	198,946
Total deferred inflows of resources	<u>198,946</u>	<u>-</u>	<u>-</u>	<u>198,946</u>
FUND BALANCE				
Restricted:				
Grants	-	-	337,172	337,172
Unassigned	879,274	499,332	-	1,378,606
Total fund balance	<u>879,274</u>	<u>499,332</u>	<u>337,172</u>	<u>1,715,778</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,079,693</u>	<u>\$ 499,332</u>	<u>\$ 337,172</u>	<u>\$ 1,916,197</u>

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

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

Total fund balance - governmental funds balance sheet	\$ 1,715,778
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	3,493,583
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Accumulated depreciation has not been included in governmental fund financial statements.	(2,177,534)
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Deferred inflow/outflow of resources related to pensions are not reported in the fund financial statements.	27,853
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Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(166,695)
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Net pension liability is not available in the current period and, therefore, is not reported in the fund financial statements.	(76,242)
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Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	198,945
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Net position of governmental activities - statement of net position	<u><u>\$ 3,015,688</u></u>
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The accompanying notes to the basic financial statements are an integral part of this financial statement.

CITY OF COOPER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Street & Bridge	Special Reserve	Total
REVENUES				
Property taxes	\$ 785,546	\$ -	\$ -	\$ 785,546
Franchise taxes	-	93,873	-	93,873
Sales tax	-	284,547	-	284,547
Licenses and permits	29,772	-	-	29,772
Intergovernmental	129,000	-	55,118	184,118
Donations	17,241	-	-	17,241
Miscellaneous	76,607	-	-	76,607
Total revenues	1,038,166	378,420	55,118	1,471,704
EXPENDITURES				
Current:				
General government	859,065	-	-	859,065
Public safety	44,347	-	-	44,347
Public works	1,750	213,880	-	215,630
Grants	-	-	94,488	94,488
Capital outlays:				
Public works	101,500	-	-	101,500
Debt service				
Principal retirement	31,985	-	-	31,985
Interest and fiscal agent fees	2,455	-	-	2,455
Total expenditures	1,041,102	213,880	94,488	1,349,470
Excess (deficiency) of revenues over (under) expenditures	(2,936)	164,540	(39,370)	122,234
Other financing sources (uses)				
Transfers	(9,881)	(19,252)	52,093	22,960
Debt proceeds	100,500	-	-	100,500
Investment income	30,762	11,164	1,652	43,578
Total other financing sources (uses)	121,381	(8,088)	53,745	167,038
Net change in fund balance	118,445	156,452	14,375	289,272
Fund balance, beginning of year	760,829	301,488	322,797	1,385,114
Prior Period Adjustments	-	41,392	-	41,392
Fund balance, end of year	\$ 879,274	\$ 499,332	\$ 337,172	\$ 1,715,778

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

**CITY OF COOPER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balance - total governmental funds \$ 289,272

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reports as depreciation expense. 100,500

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (133,051)

Current year long-term debt principal payments on contractual obligations and bonds payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. 31,985

Current year changes in pension expense do not require the use of current resources; therefore, are not reported as expenditures in governmental funds. 11,362

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements. 28,437

Current year long-term debt issuances are reported as other financing sources within the governmental financial statements, and as a long-term liability on the government-wide financial statements. (100,500)

Change in net position of governmental activities - statement of activities \$ 228,005

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

CITY OF COOPER, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 177,274
Receivables (net of allowance for uncollectible)	180,640
Note receivable	1,045,182
Restricted cash and cash equivalents	185,189
Total current assets	<u>1,588,285</u>
Noncurrent assets:	
Capital assets:	
Machinery & Equipment	386,193
Infrastructure	15,682,236
Less: accumulated depreciation	<u>(12,473,289)</u>
Total capital assets, net of accumulated depreciation	<u>3,595,140</u>
Total assets	<u><u>5,183,425</u></u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow - pension	113,534
Deferred outflow - other pension benefit	<u>5,622</u>
LIABILITIES	
Current liabilities:	
Accounts payable	-
Other liabilities	968
Payable from restricted assets:	
Customer deposits	77,854
Bonds payable	113,894
Water rights payable	31,691
Total current liabilities	<u>224,407</u>
Noncurrent Liabilities:	
Net pension liability	88,350
Net other pension benefit liability	26,721
Bonds payable	2,098,369
Water rights payable	1,167,187
Total noncurrent liabilities	<u>3,380,627</u>
Total liabilities	<u><u>3,605,034</u></u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow - pension	66,600
Deferred inflow - other pension benefits	<u>10,520</u>
NET POSITION	
Net investment in capital assets	1,382,877
Unrestricted	237,550
Total net position	<u><u>\$ 1,620,427</u></u>

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

CITY OF COOPER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Utility Fund
OPERATING REVENUES:	
Charges for services:	
Water fees	\$ 805,402
Sewer fees	384,473
Refuse collection	273,607
Tap fees	5,700
Taxes	29,112
Miscellaneous	26,739
Total operating revenues	<u>1,525,033</u>
OPERATING EXPENSES:	
Personnel costs	488,302
Supplies and materials	278,040
Maintenance and repair	105,626
Contractual services	43,284
Utilities	70,144
Refuse collection	297,067
Depreciation and amortization	232,610
Total operating expenses	<u>1,515,073</u>
Operating income (loss)	<u>9,960</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest expense	(113,679)
Investment income	46,869
Total non-operating revenues (expenses)	<u>(66,810)</u>
Income (loss) before capital contributions and transfers	<u>(56,850)</u>
Transfers	<u>(22,960)</u>
Change in net position	(79,810)
Net position - beginning	<u>1,728,467</u>
Prior Period Adjustments	<u>(28,230)</u>
Net position - ending	<u><u>\$ 1,620,427</u></u>

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

**CITY OF COOPER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Utility Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,287,944
Other operating revenues	54,712
Cash payments to employees for services	(487,334)
Cash payments to suppliers for goods and services	(794,161)
Net cash provided by (used in) operating activities	<u>61,161</u>
Cash Flows from Noncapital Financing Activities	
Change in net pension liability	191,725
Operating transfers	(22,960)
Cash used in noncapital financing activities	<u>168,765</u>
Cash Flows from Capital and Related Financing Activities	
Interest and fiscal charges on debt	(113,679)
Acquisition of capital assets	-
Principal Paid	(139,587)
Cash used in capital and related financing activities	<u>(253,266)</u>
Cash Flows from Investing Activities	
Investment earnings	46,869
Cash provided by (used in) investing activities	<u>46,869</u>
Net increase (decrease) in cash and cash equivalents	23,529
Cash and cash equivalents at beginning of year	338,934
Cash and cash equivalents at end of year	<u><u>\$ 362,463</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (Loss)	\$ 9,960
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	232,610
Change in assets and liabilities:	
Decrease (increase) in receivables	(180,526)
Increase (decrease) in accounts payable	(1,253)
Increase (decrease) in customer deposits	(598)
Increase (decrease) in accrued expenses	968
Total adjustments	51,201
Net cash provided by (used in) operating activities	<u><u>\$ 61,161</u></u>

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

**CITY OF COOPER, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2024**

	Custodial Fund- Frankie Mckinney Arts Alliance
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 430,888
Total Current Assets	<u>430,888</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Furnishings (Collections)	100,573
Buildings and Furnishings	9,560
Accumulated Depreciation	(1,354)
Total Noncurrent Assets	<u>108,779</u>
Total Assets	<u><u>539,667</u></u>
LIABILITIES	
Accounts payable	-
Total liabilities	<u>-</u>
NET POSITION	
Restricted for Arts	539,667
Total Net Position	<u><u>539,667</u></u>

**CITY OF COOPER, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Custodial Fund- Frankie Mckinney Arts Alliance
ADDITIONS	
Royalties	\$ 14,845
Investment income	14,580
Total Additions	<u>29,425</u>
DEDUCTIONS	
Insurance	439
Repairs	51,450
Utilities	2,516
Depreciation	478
Professional	2,600
Other	10,550
Total Deductions	<u>68,033</u>
Change in Net Position	(38,608)
Net Position, Beginning	578,275
Net Position, Ending	<u><u>\$ 539,667</u></u>

**CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the activities of the primary government. Governmental activities, which are normally supported by taxes and 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.

Reporting Entity

The City of Cooper, Texas (the City) is a municipal corporation governed by an elected mayor and five member council. The accompanying financial statements present the funds and account groups of the City.

The City complies with accounting principles generally accepted in the United States of America as applicable to governments. Accounting principles accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

Basis of Presentation

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

Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented in the required supplementary section that compares the budget with actual results.

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (General Government, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the capital requirements of a particular function or program, and c) grants and contributions that are restricted to meeting the operational requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenue. Internally dedicated resources are also reported as general revenues rather than as program revenues.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns within the fund financial statements. The major governmental funds is the general fund, street fund, and special revenue fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, or revenues, expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the City's wastewater 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater and solid waste funds are charges to customers for sales and services. The wastewater 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 business-type funds include the cost of sales and service and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

**CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Measurement Focus, Basis of Accounting

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

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

Governmental fund level 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 when 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 and payable shortly after year end as required by GASB Interpretation No. 6.

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

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

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

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

The **Special Revenue Funds** are the Street and Bridge Fund and the Grant Fund. The street and bridge fund accounts for the operation and of the City's infrastructure of roadways and bridges within the City. The Grant Fund is used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

The **Utility Fund** accounts for the operation of the City's water, wastewater, and solid waste collection utility system, a self-supporting activity, which renders services on a user charge basis to residents and businesses located in Cooper, Texas.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Financial Statement Amounts

Cash and Cash Equivalents

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

Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond the fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method.

Receivable and Payable

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

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

Notes Receivable

Below is the detail of the note receivable, that is in relation to water rights as of September 30, 2024.

	<u>Big Creek Lake</u>
Note Receivable	<u>\$ 1,045,181</u>
Amount not expected to be collected during the Subsequent fiscal year	<u>\$ 1,025,039</u>

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

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

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

<u>Asset Class</u>	<u>Years</u>
Buildings, structures and improvements	30 - 50
Infrastructure	30
Golf course	15
Waterworks and sewer lines	5 - 30
Heavy machinery	3 - 20
Transportation vehicles	5 - 15
Office equipment	3 - 15

**CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Long-term Obligations

In the government-wide financial statements, and proprietary fund types 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed during the year they are incurred.

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.

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify in this category. The City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year-end are deferred and will be recognized in the subsequent fiscal year-end. The other deferred outflow is the difference between projected and actual investment earnings that will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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 a net position that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The City has three items that qualify in this category. Two of these items arise only under a modified accrual basis of accounting. Accordingly, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental fund reports unavailable revenue from property tax and proprietary funds report a note receivable. The remaining items recorded as a deferred inflow of resources is recorded in the government-wide Statement of Net Position and fund level financial statements for the Wastewater Utility Fund's Statement of Net Position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and will be amortized over a period of years determined by the Plan actuary. The differences will be amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Net Position Flow Assumption

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

**CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Fund Balance Policies

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

- *Nonspendable fund balance* - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by laws through constitutional provisions or enabling legislation that stipulates that amounts can only be spent for specific purposes.
- *Committed fund balance* - amounts that can only be used for specific purposes determined by a resolution of the City Council and remains binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* - amounts that are constrained by the City's intent to be used for specific purposes. Assignment of fund balance is much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used.
- *Unassigned fund balance* - the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

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

When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider a 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.

Property Taxes

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

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

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The City's property tax rate for the current fiscal year is \$0.688062 per \$100 assessed value.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Comparative Data/Reclassification

Comparative total data for the current year to budget for the General Fund have been presented in the basic financial statements in order to provide an understanding of budget to actual. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Interfund Activity

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

Use of Estimates

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

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 that are restricted to meeting the operational or capital requirements of a particular function or segment.

Program Expenses

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

COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None	N/A

Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
None	N/A

Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- No later than the fifteenth day of each August, the City Secretary submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget for the General Fund is legally adopted on a basis consistent with modified accrual basis. The majority of the City's capital projects are budgeted on an annual basis.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Council is the only body that can change the budgeted amounts from one line item to another.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CASH AND INVESTMENTS

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

Cash Deposits

At September 30, 2024, the carrying amount of the City's deposits was \$2,034,061 and the bank balance was \$2,037,543. The City's cash deposits at September 30, 2024 and during the year ended September 30, 2024 were entirely covered by FDIC or by pledged collateral held in the City's name. Cash and cash equivalents as of September 30, 2024 consist of and are classified in the accompanying financial statements as follows:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by national recognized agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that changes in exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

RECEIVABLES

Receivables as of year end for the City's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Receivables:			
Taxes	\$ 310,914	\$ -	\$ 310,914
Fees and Charges	-	82,600	82,600
Gross Receivables	310,914	82,600	393,514
Less: allowance for uncollectible	(66,315)	(20,650)	(86,965)
Net Total Receivables	\$ 244,599	\$ 61,950	\$ 306,549

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CAPITAL ASSETS

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

	Beginning Balances	Adjustments/ Transfers	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 58,477	\$ -	\$ -	\$ -	\$ 58,477
Construction in Progress	331,565	(331,565)	-	-	-
Total capital assets, not being depreciated	390,042	(331,565)	-	-	58,477
Capital assets, being depreciated:					
Buildings & Improvements	746,993	-	-	-	746,993
Infrastructure	804,870	331,565	-	-	1,136,435
Machinery & Equipment	1,451,179	-	100,500	-	1,551,679
Total capital assets being depreciated	3,003,042	331,565	100,500	-	3,435,107
Less accumulated depreciation for:					
Buildings & Improvements	(654,349)	-	(6,876)	-	(661,225)
Infrastructure	(647,092)	-	(20,607)	-	(667,699)
Machinery & Equipment	(743,046)	-	(105,567)	-	(848,613)
Total accumulated depreciation	(2,044,487)	-	(133,050)	-	(2,177,537)
Total capital assets, being depreciated, net	958,555	331,565	(32,550)	-	1,257,570
Governmental activities capital assets, net	\$ 1,348,597	\$ -	\$ (32,550)	\$ -	\$ 1,316,047
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ -				\$ -
Construction in Progress	449,348	(449,348)	-	-	-
Total capital assets, not being depreciated	449,348	(449,348)	-	-	-
Capital assets, being depreciated:					
Buildings and improvements	-	-	-	-	-
Infrastructure	15,232,887	449,348	-	-	15,682,235
Machinery & Equipment	386,192	-	-	-	386,192
Total capital assets being depreciated	15,619,079	449,348	-	-	16,068,427
Less accumulated depreciation for:					
Buildings and improvements	-	-	-	-	-
Infrastructure	(11,930,616)	-	(218,488)	-	(12,149,104)
Machinery & Equipment	(314,486)	-	(9,697)	-	(324,183)
Total accumulated depreciation	(12,245,102)	-	(228,185)	-	(12,473,287)
Total capital assets, being depreciated, net	3,373,977	449,348	(228,185)	-	3,595,140
Business-type activities capital assets, net	\$ 3,823,325	\$ -	\$ (228,185)	\$ -	\$ 3,595,140
Depreciation expense was charged to functions/programs of the primary government as follows:					
Governmental activities:					
General Government		\$ 1,792			
Public safety		64,023			
Public works		67,235			
Total depreciation expense - governmental activities		\$ 133,050			
Business-type activities:					
Utility fund		\$ 228,185			
Wastewater services		\$ 228,185			

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Time Warrants	\$ 98,180	\$ 100,500	\$ (31,985)	166,695	\$ 64,664
Governmental activity					
Total long-term liabilities	\$ 98,180	\$ 100,500	\$ (31,985)	\$ 166,695	\$ 64,664
	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Bonds payable	2,321,157	\$ -	(108,894)	2,212,263	113,894
Water rights payable	1,229,571	\$ -	(30,693)	1,198,878	31,691
Business-type activity					
Total long-term liabilities	\$ 3,550,728	\$ -	\$ (139,587)	\$ 3,411,141	\$ 145,585

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding September 30, 2023	Issued	Retired	Amounts Outstanding September 30, 2024	Due Within One Year
Time Warrants Series 2021	2.50%	\$ 160,000	\$ 98,180	\$ -	\$ (31,985)	\$ 66,195	\$ 32,785
Time Warrants Series 2024	5%	100,500	-	100,500	-	100,500	31,879
Total Bonds Payable Obligations		\$ 260,500	\$ 98,180	\$ 100,500	\$ (31,985)	\$ 166,695	\$ 64,664

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2025	64,664	6,680	71,344
2026	66,884	4,460	71,344
2027	35,147	1,757	36,904
Totals	\$ 166,695	\$ 12,897	\$ 179,592

Time Warrants, Series 2021

The City issued Time Warrants, Series 2021 on October 13, 2020 totaling \$160,000 to fund the purchase of a skid steer loader, two, (2) vehicles and fire truck equipment for the City. The obligation are scheduled to mature October 2026.

Time Warrants, Series 2024

The City issued Time Warrants, Series 2024 on February 12, 2024 totaling \$100,500 to fund the purchase of a sewer vac trailer and, one, (1) vehicle for the City. The obligation are scheduled to mature February 2027.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30	Issued	Retired	Amounts Outstanding September 30,	Due Within One Year
			2023			2024	
Bonds payable, Series 2022	3% to 4%	\$ 2,310,000	\$ 2,321,157	\$ -	\$ (108,894)	2,212,263	\$ 113,894
Water rights payable	3.25%	1,630,294	1,229,571	-	(30,693)	1,198,878	31,691
Total Long Term Obligations		\$ 3,940,294	\$ 3,550,728	\$ -	\$ (139,587)	\$ 3,411,141	\$ 145,585

Debt service requirements are as follows:

Year Ending September 30:	Total		
	Principal	Interest	Requirements
2025	145,585	127,468	273,053
2026	131,616	122,763	254,379
2027	132,681	118,548	251,229
2028	138,780	114,299	253,079
2029	139,915	110,314	250,229
2030 to 2034	751,252	460,136	1,211,388
2035 to 2039	882,909	298,567	1,181,476
2040 to 2044	725,778	130,717	856,495
2045 to 2049	215,655	45,398	261,053
2050 to 2052	146,970	9,664	156,634
Totals	\$ 3,411,141	\$ 1,537,874	\$ 4,949,015

Bonds Payable, Series 2022

The City issued Bonds Payable, Series 2022 on March 24, 2022 to refund certain of the City's outstanding indebtedness. The bonds mature in 2043.

Water Rights Debt:

The City has rights to water storage at Cooper Lake. Payments for these rights are \$70,691 due annually, including principal and interest at 3.25% through 2041 and \$52,211 for ten years thereafter.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Commitments

Water Storage Commitments

A contract with the Sulphur River Municipal Water District (the District) for water storage space in Cooper Lake entitles the City to utilize 11% of the storage space between elevations 440.0- and 415.5- feet above sea level. Twenty-five percent (2,000 acre-feet) is for present storage the remaining seventy-five percent (6,000 acre-feet) is for future water storage. The City is to repay the District the entire amount of construction costs allocated to the water storage right acquired by the City. The City is obligated to pay 25% of the ordinary operation and maintenance of the annually and 21% of major capital replacements when incurred.

The City has contracts with two entities to sell 87.5% of the City's water storage rights in Cooper Lake. These entities are responsible for paying their respective percentages of the costs billed to the City for these rights.

PENSION PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report ("ACFR") that can be obtained at www.tmrs.org.

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

Benefits Provided

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

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

Employees covered by benefit terms:

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

	Plan Year
Number of:	2023
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	8
Active employees	13
Total	31

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rate for the City was 5.76 and 6.10% in the calendar years 2023 and 2024. The City's contributions to TMRS for the year ended September 30, 2024 \$35,189 and were equal to the required contributions.

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 NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.50%
Overall payroll growth	3.60% to 11.85% including inflation
Investment rate of return	6.75%

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from 2019 to 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. Post-retirement mortality is based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	6.70%
Core fixed income	6%	4.70%
Non-core fixed Income	20%	8.00%
Other Public and Private Markets	12%	8.00%
Real estate	12%	7.60%
Hedge Funds	5%	6.40%
Private equity	10%	11.60%
Total	100%	

Discount Rate

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

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 1,733,190	\$ 1,506,405	\$ 226,785
Changes for the year:			
Service cost	52,077	-	52,077
Interest	115,064	-	115,064
Change of benefit terms	-	-	-
Difference between expected and actual experience	6,106	-	6,106
Changes of assumptions	(14,369)	-	(14,369)
Contributions - employer	-	32,393	(32,393)
Contributions - employee	-	33,743	(33,743)
Net investment income	-	173,756	(173,756)
Benefit payments, including refunds of employee contributions	(109,143)	(109,143)	-
Administrative expense	-	(1,109)	1,109
Other changes	-	(8)	8
Net changes	49,735	129,632	(79,897)
Balance at 12/31/2023	\$ 1,782,925	\$ 1,636,037	\$ 146,888

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

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

	1% Decrease	Current Single Rate Assumption	1% Increase
	5.75%	6.75	7.75%
	\$ 332,085	\$ 146,888	\$ (10,429)

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 a pension expense of \$23,475.

At September 30, 2024, the City reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	\$ 9,638	\$ -
Changes in actuarial assumptions	-	10,191
Difference between projected and actual investment earnings	150,021	100,536
Contributions subsequent to the measurement date of December 31, 2023	29,100	-
Total	\$ 188,759	\$ 110,727

\$29,100 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources:

December 31

2024	\$ 15,591
2025	13,219
2026	34,536
2027	(14,414)
2028	-
Total	\$ 48,932

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

TMRS Supplemental Death Benefits Fund

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

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

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.

Total OPEB Liability:

The City of Cooper's total OPEB liability of \$44,425 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

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%

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

Mortality rates - service retirees:

For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables are utilized. Rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%.

Mortality rates - disabled retirees:

For calculating the OPEB liability and the OPEB contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Membership

Number of:	
-Inactive employees currently receiving benefits	6
-Inactive employees entitled to but not yet receiving benefits	1
-Active employees	13
Total	20

Changes in the Total OPEB Liability:

Total OPEB Liability - beginning of year	\$ 45,142
Changes for the year:	
Service costs	1,912
Interest on total OPEB liability	1,845
Changes in benefit terms	-
Differences between expected and actual experience	(5,496)
Changes in assumptions or other inputs	2,091
Benefit payments	(1,069)
Total OPEB Liability - end of year	\$ 44,425

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The following presents the Total OPEB Liability of the City of Lavon, Texas, 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 discount rate.

	1% Decrease (2.77%)	Current Discount (3.77%)	1% Increase (4.77%)
Total OPEB Liability	\$ 51,977	\$ 44,425	\$ 38,262

Deferred (Inflows)/Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,536
Changes in assumptions and other inputs	-	6,709
Contributions made subsequent to measurement date	3,101	-
Total	\$ 3,101	\$ 11,245

Amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2024	\$ (2,060)
2025	(3,695)
2026	(4,109)
2027	(1,381)
2028	-
Thereafter	-
Total	\$ (11,245)

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML-IRP"). TML-IRP is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML-IRP for its above insurance coverage. The agreement for the formation of TML-IRP provides that TML-IRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

PRIOR PERIOD ADJUSTMENTS

Governmental Financial Statements:

	Original Fund Balance	Prior Period Adjustment	Adjusted Fund Balance
General Fund	\$ 1,674,386	\$ 41,392	\$ 1,715,778
Utility Funds	1,648,657	(28,230)	1,620,427
Total	\$ 3,323,043	\$ 13,162	\$ 3,336,205

Government-wide Financial Statements:

	Original Fund Balance	Prior Period Adjustment	Adjusted Fund Balance
General Fund	\$ 2,863,538	\$ 152,150	\$ 3,015,688
Utility Funds	1,648,657	(28,230)	1,620,427
Total	\$ 4,512,195	\$ 123,920	\$ 4,636,115

The City has a total of \$137,082 of prior period adjustments within the Governmental and Government-wide Financial Statements to correctly adjust prior-year statements to the modified accrual basis of accounting. The prior-year financial statements had been prepared under the modified cash method.

CITY OF COOPER, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

LITIGATION

The City is subject to certain legal proceedings in the normal course of operations. It is the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2024 up through August 5, 2025, the date the financial statements were available to be issued. During this period, management was unaware of subsequent events requiring disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COOPER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-BUDGET TO ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 743,000	\$ 743,000	\$ 785,546	\$ 42,546
Charge for Services	800	800	-	(800)
Licenses and permits	26,000	26,000	29,772	3,772
Intergovernmental	129,000	129,000	129,000	-
Donations	17,300	17,300	17,241	(59)
Miscellaneous	4,800	4,800	76,607	71,807
Total revenues	920,900	920,900	1,038,166	117,266
EXPENDITURES				
General government	720,560	720,560	859,065	(138,505)
Public safety	260,640	260,640	44,347	216,293
Public works	-	-	1,750	(1,750)
Capital Outlay:				
Public works	-	-	101,500	(101,500)
Debt Service:				
Principal	-	-	31,985	(31,985)
Interest expense	-	-	2,455	(2,455)
Total expenditures	981,200	981,200	1,041,102	(59,902)
Excess (deficiency) of revenues over (under) expenditures	(60,300)	(60,300)	(2,936)	57,364
OTHER FINANCING SOURCES (USES)				
Transfers in(out)	-	-	(9,881)	(9,881)
Use of accumulated fund balance	60,000	60,000	-	(60,000)
Debt proceeds	-	-	100,500	100,500
Investment income	300	300	30,762	30,462
Total other financing sources (uses)	60,300	60,300	121,381	61,081
Excess of revenues and other financing sources over (under) expenditures and financing uses	-	-	118,445	118,445
Fund Balance/Equity, October 1	760,829	760,829	760,829	
Prior Period Adjustments	-	-	-	
Fund Balance/Equity, September 30	\$ 760,829	\$ 760,829	\$ 879,274	

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

**CITY OF COOPER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**SCHEDULE OF CONTRIBUTIONS
LAST FISCAL YEAR (UNAUDITED)**

	<u>9/30/2024</u>
Actuarially determined contribution	\$ 35,189
Contributions in relation to the actuarially determined contribution	<u>\$ 35,189</u>
Contributions deficiency (excess)	\$ -
Covered employee payroll	\$ 535,626
Contributions as a percentage of covered employee payroll	6.57%

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	18 Years (longest amortization ladder)
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Pre-retirement: PUB(10) mortality tables, with the 110% of the Public table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent 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 COOPER, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

	<u>12/31/2023</u>
Total Pension Liability	
Service cost	\$ 52,077
Interest (on the total pension liability	115,064
Change in benefit terms	-
Difference between expected and actual experience	6,106
Change of assumptions	(14,369)
Benefit payments, including refunds of employee contributions	(109,143)
Net Change in Total Pension Liability	<u>49,735</u>
Total Pension Liability - Beginning	<u>1,733,190</u>
Total Pension Liability - Ending	<u><u>\$ 1,782,925</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 32,393
Contributions - employee	33,743
Net investment income	173,756
Benefit payments, including refunds of employee contributions	(109,143)
Administrative expense	(1,109)
Other	(8)
Net Change in Fiduciary Net Position	<u>129,632</u>
Plan Fiduciary Net Position - Beginning	<u>1,506,405</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 1,636,037</u></u>
Net Pension Liability - Ending	\$ 146,888
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.76%
Covered Employee Payroll	\$ 562,389
Net Pension Liability as a Percentage of Covered Employee Payroll	26.12%

CITY OF COOPER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS-TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>12/31/2023</u>
Total OPEB liability	
Service cost	\$ 1,912
Interest (on the Total OPEB Liability	1,845
Changes of benefit terms	-
Difference between expected and actual experience	(5,496)
Change of assumptions	2,091
Benefit payments, including refunds of employee contributions	(1,069)
Net Change in Total Pension Liability	<u>(717)</u>
Total OPEB Liability - Beginning	45,142
Total OPEB Liability - Ending	<u><u>\$ 44,425</u></u>
Covered employee payroll	\$ 562,389
Total OPEB Liability as a percentage of covered employee payroll	7.90%

See accompanying notes to these financial statements for more detail.