

CITY OF MINGUS, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

City Commission
City of Mingus, Texas
P.O. Box 115
Mingus, Texas 76463

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information for City of Mingus, Texas (the "City") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

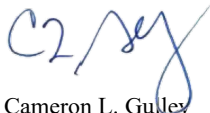
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identify during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated July 24, 2025, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Cameron L. Gulley
Certified Public Accountant
Eastland, Texas

July 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of City of Mingus, Texas, discuss and analyze the City's financial performance for the fiscal year ended December 31, 2024. Please read it in conjunction with the independent auditor's report on page 1 and the City's Basic Financial Statements which begin on page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 - 10). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 11) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to external customers and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 4. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs, such as revenue sharing programs from other governments received and fees charged for utility services (program revenues), and revenues provided by the taxpayers or by the State of Texas (general revenues). All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider nonfinancial factors as well, such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the City into two activities:

Governmental activities - Most of the City's basic services are reported here, including public safety, maintenance of City roads, community services, and general administration. Property taxes, fines and other fees, and state and federal grants finance most of these services.

Business-type activities - The City charges a fee to "customers" to help it cover all or most of the cost of services it provides in the utility waterworks, sewer, and solid waste funds.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 11 and provide detailed information about the most significant funds - not the City as a whole. Laws and contracts require the City to establish some funds, such as a debt service fund used to provide sources of revenues to service the City's general obligation bonds. The City's administration establishes many other funds to help it control and manage money for particular purposes. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds - the City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total net position of the City's governmental activities increased from \$378,026 to \$393,716. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$245,671 to \$256,664 at December 31, 2024. Current assets increased by \$13,534 due primarily to cash. Capital assets increased by \$4,697 due to asset additions in excess of depreciation expense. Other liabilities increased by \$2,541 due to ending accounts payable.

Net position of the business-type activities increased from \$1,027,812 to \$1,214,459. Current assets increased by \$134,596 due primarily to cash and receivable from other governments due to accrued expenses related to federal grant activity. Capital assets increased \$167,167 due to asset additions in excess of depreciation expense. Long-term liabilities increased by \$500 due to customer meter deposits. Other liabilities increased by \$114,616 due to ending accounts payable related to accrued federal grant expenses.

Table I
City of Mingus, Texas
Net Position

	Governmental Activities 2024	Governmental Activities 2023	Variance Increase/ (Decrease)
Current and other assets	\$ 259,973	\$ 246,439	\$ 13,534
Capital assets	137,052	132,355	4,697
Total assets	397,025	378,794	18,231
Long-term liabilities	0	0	0
Other liabilities	3,309	768	2,541
Total liabilities	3,309	768	2,541
Net position:			
Net investment in capital assets	137,052	132,355	4,697
Unrestricted	256,664	245,671	10,993
Total net position	\$ 393,716	\$ 378,026	\$ 15,690
	Business-type Activities 2024	Business-type Activities 2023	Variance Increase/ (Decrease)
Current and other assets	\$ 506,565	\$ 371,969	\$ 134,596
Capital assets	871,435	704,268	167,167
Total assets	1,378,000	1,076,237	301,763
Long-term liabilities	25,106	24,606	500
Other liabilities	138,435	23,819	114,616
Total liabilities	163,541	48,425	115,116
Net position:			
Net investment in capital assets	871,435	704,268	167,167
Unrestricted	343,024	323,544	19,480
Total net position	\$ 1,214,459	\$ 1,027,812	\$ 186,647

Table II
City of Mingus, Texas
Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023	Variance Favorable/ (Unfavorable)
Revenues:			
General Revenues:			
Property taxes	\$ 30,548	\$ 31,010	\$ (462)
Sales taxes	48,923	37,850	11,073
Franchise fees	5,628	5,580	48
Investment earnings and miscellaneous	8,489	2,777	5,712
Charges for services	7,885	5,385	2,500
Operating grants and contributions	2,012	14,688	(12,676)
Transfers in	(5,200)	10,976	(16,176)
Total Revenues	98,285	108,266	(9,981)
Expenses:			
General government	82,595	65,338	(17,257)
Total Expenses	82,595	65,338	(17,257)
Increase in Net Position	15,690	42,928	(27,238)
Net Position - beginning of year	378,026	335,098	42,928
Net Position - end of year	\$ 393,716	\$ 378,026	\$ 15,690
	Business-type Activities 2024	Business-type Activities 2023	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 163,977	\$ 182,083	\$ (18,106)
Operating grants and contributions	178,843	45,870	132,973
Investment income	11,713	3,904	7,809
Total Revenues	354,533	231,857	122,676
Expenses:			
Water and garbage	173,086	156,785	(16,301)
Transfers out	(5,200)	10,976	16,176
Total Expenses	167,886	167,761	(125)
Increase in Net Position	186,647	64,096	122,551
Net Position - beginning of year	1,027,812	963,716	64,096
Net Position - end of year	\$ 1,214,459	\$ 1,027,812	\$ 186,647

The City's revenues from its governmental activities decreased by \$9,981 from the previous year. The change was due primarily to decreased federal grant revenue, increased sales and mixed drink tax revenues, increased investment income due to higher interest rates, and reduced transfers in from utility fund. General government expenses were \$17,257 more than last year due to payroll and insurance expenses.

The City's total revenues of its business-type activities increased by \$114,867 from last fiscal year due to reduced water and trash sales by approximately 10% offset by increases in federal grant revenues by \$132,973. Expenses of the business-type activities decreased by \$125. Increases in repairs and maintenance from the previous year were offset by reduced transfers to the general fund.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$234,436, an increase of \$9,477 in the City's governmental funds from last year's fund balance of \$224,959.

The City Council set its originally adopted budget at \$70,750 for general fund expenditures for the fiscal year and it was not amended during the year.

The City's General Fund balance of \$234,959 reported on pages 12 and 27 differs from the projected budgetary fund balance of \$236,209 due to actual revenues being approximately \$20,000 more than budgeted and actual expenditures (primarily repairs and payroll) being approximately \$17,000 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the City had \$1,490,565 invested in a broad range of capital assets including infrastructure, City government facilities and maintenance equipment. Asset additions for the year included the following:

John Deere mower	\$ 12,670
Water system improvements	178,315
City hall renovations	12,285
Total	\$ 203,270

Debt

None.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City should maintain its financial health during the 2025 fiscal year. Projected revenues and expenditures of the City should remain consistent with what they were for the 2024 fiscal year. Therefore, projected fund balances and net position at December 31, 2025 of the general fund and water fund should approximate \$245,000 and \$1,220,000, respectively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City office at: City of Mingus, Texas, P. O. Box 115, Mingus, Texas 76463.

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BASIC FINANCIAL STATEMENTS

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CITY OF MINGUS, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 233,964	\$ 375,918	\$ 609,882
Property taxes receivable (net of uncollectibles)	22,228	-	22,228
Accounts receivable (net of uncollectibles)	-	13,646	13,646
Due from other governments	3,781	117,001	120,782
Total current assets	<u>259,973</u>	<u>506,565</u>	<u>766,538</u>
Noncurrent assets:			
Capital assets			
Land	5,100	1,398	6,498
Buildings and improvements	29,385	-	29,385
Infrastructure	222,818	1,196,794	1,419,612
Furniture and equipment	-	35,070	35,070
Less: accumulated depreciation	(120,251)	(361,827)	(482,078)
Total capital assets	<u>137,052</u>	<u>871,435</u>	<u>1,008,487</u>
Total noncurrent assets	<u>137,052</u>	<u>871,435</u>	<u>1,008,487</u>
TOTAL ASSETS	<u>397,025</u>	<u>1,378,000</u>	<u>1,775,025</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,595	137,450	139,045
Accrued liabilities	1,714	985	2,699
Total current liabilities	<u>3,309</u>	<u>138,435</u>	<u>141,744</u>
Noncurrent liabilities:			
Customer deposits	-	25,106	25,106
Total noncurrent liabilities	<u>-</u>	<u>25,106</u>	<u>25,106</u>
TOTAL LIABILITIES	<u>3,309</u>	<u>163,541</u>	<u>166,850</u>
NET POSITION			
Net investment in capital assets	137,052	871,435	1,008,487
Unrestricted	256,664	343,024	599,688
TOTAL NET POSITION	<u>\$ 393,716</u>	<u>\$ 1,214,459</u>	<u>\$ 1,608,175</u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
General government	\$ 82,595	\$ 7,885	\$ 2,012	\$ (72,698)	\$ -	\$ (72,698)
Total governmental activities	<u>82,595</u>	<u>7,885</u>	<u>2,012</u>	<u>(72,698)</u>	<u>-</u>	<u>(72,698)</u>
Business-type activities:						
Water and garbage	173,086	163,977	178,843	-	169,734	169,734
Total business-type activities	<u>173,086</u>	<u>163,977</u>	<u>178,843</u>	<u>-</u>	<u>169,734</u>	<u>169,734</u>
Total	<u>\$ 255,681</u>	<u>\$ 171,862</u>	<u>\$ 180,855</u>	<u>(72,698)</u>	<u>169,734</u>	<u>97,036</u>
General revenues:						
Property taxes				30,548	-	30,548
Sales tax				48,923	-	48,923
Franchise fees				5,628	-	5,628
Miscellaneous				440	-	440
Investment income				8,049	11,713	19,762
Interfund transfers				(5,200)	5,200	-
Total general revenues				<u>88,388</u>	<u>16,913</u>	<u>105,301</u>
Changes in net position				15,690	186,647	202,337
Beginning net position				378,026	1,027,812	1,405,838
Ending net position				<u>\$ 393,716</u>	<u>\$ 1,214,459</u>	<u>\$ 1,608,175</u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund
ASSETS	
Cash and cash equivalents	\$ 233,964
Delinquent taxes receivable (net of estimated uncollectible accounts)	22,228
Due from other governments	3,781
TOTAL ASSETS	<u>\$ 259,973</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND EQUITIES	
LIABILITIES	
Accounts payable	\$ 1,595
Accrued liabilities	1,714
TOTAL LIABILITIES	<u>3,309</u>
DEFERRED INFLOW OF RESOURCES	
Unavailable revenue - property taxes	22,228
TOTAL DEFERRED INFLOW OF RESOURCES	<u>22,228</u>
FUND EQUITIES	
Fund balances:	
Unassigned	234,436
TOTAL FUND EQUITIES	<u>234,436</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND EQUITIES	<u>\$ 259,973</u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government
Total Fund Balances - Governmental Funds	\$ 234,436
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$245,018 and the accumulated depreciation was \$112,663. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	132,355
2 Prior year property tax levies which are considered collectible are recognized as revenue in the accounting period in which levied. However, they are reported as deferred revenue in the fund level financial statements until received. The net effect of including the beginning balances for deferred revenues related to delinquent taxes receivable is to increase net position.	20,712
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase (decrease) net position.	12,285
4 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(7,588)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	1,516
Net Position of Governmental Activities	\$ 393,716

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund
REVENUES	
Property tax (including penalties and interest)	\$ 29,032
Sales tax	48,923
Franchise tax	5,628
Licenses	785
Office and gymnasium rental	7,100
Federal grants	2,012
Miscellaneous	440
Investment	8,049
TOTAL REVENUES	<u>101,969</u>
EXPENDITURES	
Appraisal fees	611
Collection fees	292
Contract labor	3,833
Dues and memberships	625
Fuel	4,145
Insurance	7,487
Miscellaneous	990
Office	7,447
Payroll - gross wages	24,489
Payroll - taxes	1,672
Professional fees	8,500
Repairs and maintenance	15,640
Supplies	2,010
Utilities and telephone	9,551
TOTAL EXPENDITURES	<u>87,292</u>
OTHER FINANCING SOURCES (USES)	
Transfers in (out)	<u>(5,200)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,200)</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	9,477
FUND BALANCE - BEGINNING OF YEAR	224,959
FUND BALANCE - END OF YEAR	<u><u>\$ 234,436</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government
Total Net Change in Fund Balances - Governmental Funds	\$ 9,477
1 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase (decrease) net position.	12,285
2 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(7,588)
3 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	1,516
Change in Net Position of Governmental Activities	\$ 15,690

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 375,918
Accounts receivable (net of allowance for uncoll)	13,646
Due from other governments	117,001
Total current assets	<u>506,565</u>
Noncurrent assets:	
Capital assets:	
Land	1,398
Infrastructure	1,196,794
Furniture and equipment	35,070
Less: accumulated depreciation	<u>(361,827)</u>
Total capital assets	<u>871,435</u>
Total noncurrent assets	<u>871,435</u>
TOTAL ASSETS	<u>1,378,000</u>
LIABILITIES	
Current liabilities:	
Accounts payable	137,450
Accrued liabilities	985
Total current liabilities	<u>138,435</u>
Noncurrent liabilities:	
Customer deposits	<u>25,106</u>
Total noncurrent liabilities	<u>25,106</u>
TOTAL LIABILITIES	<u>163,541</u>
NET POSITION	
Net investment in capital assets	871,435
Unrestricted	<u>343,024</u>
TOTAL NET POSITION	<u><u>\$ 1,214,459</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund
REVENUES	
Water sales	\$ 106,726
Trash fees	49,457
Late fees	3,681
Reconnect fees and other income	4,113
TOTAL REVENUES	<u>163,977</u>
EXPENSES	
Bad debt	1,457
Contract labor	11,410
Depreciation	23,818
Miscellaneous	25
Office	1,526
Payroll - gross wages	10,160
Payroll - taxes	662
Professional fees	510
Repairs and maintenance	42,101
Supplies	1,626
Testing fees	5,119
Training and travel	4,894
Trash service	44,145
Water purchases	25,633
TOTAL EXPENSES	<u>173,086</u>
NET OPERATING INCOME (LOSS) BEFORE NON-OPERATING REVENUES (EXPENSES)	<u>(9,109)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	11,713
Transfers in (out)	5,200
Federal grants and contributions	178,843
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>195,756</u>
CHANGE IN NET POSITION	186,647
NET POSITION - BEGINNING OF YEAR	<u>1,027,812</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,214,459</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MINGUS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 168,049
Cash paid to personnel and contracted services	(21,247)
Cash paid to suppliers	(123,559)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash provided by interfund transfers	5,200
Net cash received from capital grants	46,338
Net cash used for acquisition of capital assets	(66,220)
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,682)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from investments	11,713
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>11,713</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,274
Cash and cash equivalents - beginning of year	355,644
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 375,918</u></u>
COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents on balance sheet	\$ 375,918
TOTAL COMPONENTS OF CASH AND CASH EQUIVALENTS	<u><u>\$ 375,918</u></u>
RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (9,109)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	23,818
(Increase) decrease in accounts receivable	2,679
Increase (decrease) in accounts payable	4,370
Increase (decrease) in accrued liabilities	985
Increase (decrease) in meter deposits	500
TOTAL ADJUSTMENTS	<u>32,352</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 23,243</u></u>

The accompanying notes are an integral part of this statement.

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CITY OF MINGUS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED DECEMBER 31, 2024

I. Summary of significant accounting policies

City of Mingus, Texas (the "City") is a charter city in which citizens elect the mayor at large and five council members. The financial statements of the City are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The City's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. Proprietary funds apply only those Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting entity

For financial reporting purposes, the City includes all funds and account groups for which the City is considered to be financially accountable. The criteria used by the City for including activities in preparing its financial statements are in conformity with GASB Statement 14, "The Financial Reporting Entity."

In applying the criteria of GASB #14, the City has no component units.

B. Government-wide and fund financial statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, franchise fees, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include fees charged for fines, city clerk fees, etc. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. Examples include grants under the U.S. Department of Agriculture Rural Development Program. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds [and between governmental funds and proprietary funds] appear as due to/due from on the Governmental Fund Balance Sheet [and Proprietary Fund Statement of Net Position] and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance [and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position]. All interfund transactions between governmental funds are eliminated on the government-wide statements. [Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.] Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the City to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund accounting

The City reports the following major governmental funds:

1. **The General Fund** – The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

2. **Water Enterprise Funds** - The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund.

E. Other accounting policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The City reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed.

3. 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Right-to-use leases are reported in the government-wide statements with the lease liability calculated as the present value of reasonably certain expected future payments over the term of the lease. Right-to-use SBITA liabilities are reported in the government-wide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense.

In the fund financial statements, governmental fund types recognized 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.

4. The City's policy does permits employees to accumulate unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset:</u>	<u>Years</u>
Buildings	20-40
Building Improvements	20-40
Streets	20
Vehicles	5
Equipment	10
Technology Equipment	5

Right-to-use leased assets and SBITA assets are depreciated/amortized using the straight line method over the term of the respective agreements.

6. Governmental fund balances divided into the following categories:

Non-spendable fund balances include amounts that are not in spendable form (i.e. inventory or prepaid items) or amounts that are required to be maintained intact legally or contractually (i.e. principal in an endowment fund)

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balances are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

City policies concerning fund balances are as follows:

The City's Unassigned General Fund Balance will be maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the City Council.

Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action of the City Council.

When it is appropriate for fund balance to be assigned, only the City Council has the authority to assign fund balance by formal council action.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

At December 31, 2024, none of the City's fund balances were committed or assigned.

II. Stewardship, compliance, and accountability

A. Budgetary data

The City Secretary submits an annual budget to the City Council in accordance with the City Charter. In December, the City Council adopts annual fiscal year budgets for specified City funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles. The budget is properly amended throughout the year.

B. Excess of expenditures over appropriations by more than \$2,500

Department	Amt Over Budget	Variance Description
Office	\$ 2,647	Actual expenditures for office furnishings not budgeted.
Payroll - gross wages	\$ 8,989	Actual expenditures more than budget for gross wages paid.
Repairs and maintenance	\$ 10,640	Actual expenditures for city hall repairs more than budgeted.

C. Deficit fund equity

None.

III. Detailed notes on all funds

A. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

City Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complies with this law, it has no custodial credit risk for deposits. The City was not exposed to custodial credit risk.

Foreign Currency Risk. The City limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by (state an appropriate policy, such as, limiting all deposits denominated in a foreign currency to less than 5% of all deposits). The City was not exposed to foreign currency risk.

As of December 31, 2024, the following are the City's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Cash:						
Money market and FDIC insured accounts	\$ 609,882	100%	\$ 609,882			
	<u>\$ 609,882</u>	<u>100%</u>	<u>\$ 609,882</u>			

Investments

City Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The ***Public Funds Investment Act***(Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the City are specified below:

Credit Risk. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the City limits investments in (list investments covered by the City's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2024, the City had no investments required to be rated for credit risk. Therefore, the City was not exposed to credit risk.

Custodial Credit Risk for Investments. To limit 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 investment or collateral securities that are in possession of an outside party the City requires counterparties to register the securities in the name of the City and hand them over to the City or its designated agent. This includes securities in securities lending transactions. All of the securities are in the City's name and held by the City or its agent. The City was not exposed to custodial credit risk.

Concentration of Credit Risk. To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the City limits investments to less than 5% of its total investments. The City further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The City was not exposed to concentration of credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the City requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The City was not exposed to interest rate risk.

Foreign Currency Risk for Investments. The City limits the risk that changes in exchange rates will adversely affect the fair value of an investment by limiting all investments to none denominated in a foreign currency. The City was not exposed to foreign currency risk.

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurement requires judgement and considers factors specific to each asset or liability.

The City had no investments at December 31, 2024.

B. Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent taxes receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General Fund is based on historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Delinquent taxes receivable balance at year-end was as follows:

Delinquent taxes receivable	\$ 32,317
Less: allowance for uncollectible accounts	(10,089)
Estimated Collectible Balance	<u>\$ 22,228</u>

D. Interfund balances and transfers

The composition of interfund balances as of December 31, 2024 is as follows:

None.

Interfund transfers for the year ended December 31, 2024 consisted of the following individual amounts:

	Transfers In	Transfers Out	Purpose
General fund		\$ 5,200	Local grant funding transfer.
Business-type fund	5,200		Local grant funding transfer.
Total	<u>\$ 5,200</u>	<u>\$ 5,200</u>	

E. Disaggregation of receivables and payables

Receivables at December 31, 2024 were as follows:

	Accounts	Other Government	Taxes	Total Receivables
Governmental Activities:				
General Fund		\$ 3,781	\$ 22,228	\$ 26,009
Business-type Activities:				
Water Fund	\$ 13,646	\$ 117,001		\$ 130,647

Payables at December 31, 2024 were as follows:

	Accounts	Accrued Liabilities	Total Payables
Governmental Activities:			
General Fund	\$ 1,595	\$ 1,714	\$ 3,309
Business-type Activities:			
Water Fund	\$ 137,450	\$ 985	\$ 138,435

F. Capital asset activity

Capital asset activity for the City for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Governmental activities:				
Land	\$ 5,100			\$ 5,100
Buildings and improvements	17,100	12,285		29,385
Infrastructure - roads	222,818			222,818
Totals	245,018	12,285	0	257,303
Less accum depreciation for:				
Buildings and improvements	214	735		949
Infrastructure - roads	112,449	6,853		119,302
Total accum depreciation	112,663	7,588	0	120,251
Governmental activities capital assets, net	\$ 132,355	\$ 4,697	\$ 0	\$ 137,052
Business-type activities:				
Land	\$ 1,398			\$ 1,398
Infrastructure	1,018,479	178,315		1,196,794
Furniture and equipment	22,400	12,670		35,070
Totals	1,042,277	190,985	0	1,233,262
Less accum depreciation for:				
Infrastructure	315,609	22,913		338,522
Furniture and equipment	22,400	905		23,305
Total accum depreciation	338,009	23,818	0	361,827
Business-type activities capital assets, net	\$ 704,268	\$ 167,167	\$ 0	\$ 871,435

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

Governmental activities:	
General government	\$ 7,588
Business-type activities:	
Water and garbage	\$ 23,818

G. Accumulated unpaid vacation and sick leave benefits

City employees are entitled to certain compensated absences based on their length of employment. There were no accrued compensated absences payable at year-end.

H. Bonds and long-term notes payable

None.

I. Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Meter deposits	\$ 24,606	\$ 2,000	\$ 1,500	\$ 25,106	\$ 0

J. Economic dependency

The City's sole source of providing water to its citizens through the water fund is from the City of Strawn, Texas. Total cost of water purchases totaled \$25,633 (or approximately 14.8% of total operating expenses). The City had a renewable contract with the City of Strawn, Texas to provide water at a wholesale rate which is negotiated annually.

K. Subsequent events

Management has evaluated subsequent events through July 24, 2025; the date which the financial statements were available for distribution. There were none noted.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MINGUS, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP Basis)	Final Budget Positive or (Negative)
REVENUES				
Property tax (including penalties and interest)	\$ 35,000	\$ 35,000	\$ 29,032	\$ (5,968)
Sales tax	33,000	33,000	48,923	15,923
Franchise tax	5,100	5,100	5,628	528
Licenses	1,000	1,000	785	(215)
Office and gymnasium rental	5,000	5,000	7,100	2,100
Federal grants	-	-	2,012	2,012
Miscellaneous	400	400	440	40
Investment	2,500	2,500	8,049	5,549
TOTAL REVENUES	82,000	82,000	101,969	19,969
EXPENDITURES				
Appraisal fees	700	700	611	89
Collection fees	-	-	292	(292)
Contract labor	2,500	2,500	3,833	(1,333)
Dues and memberships	800	800	625	175
Elections	7,000	7,000	-	7,000
Fuel	3,000	3,000	4,145	(1,145)
Insurance	6,000	6,000	7,487	(1,487)
Miscellaneous	2,950	2,950	990	1,960
Office	4,800	4,800	7,447	(2,647)
Payroll - gross wages	15,500	15,500	24,489	(8,989)
Payroll - taxes	2,000	2,000	1,672	328
Professional fees	10,000	10,000	8,500	1,500
Repairs and maintenance	5,000	5,000	15,640	(10,640)
Supplies	2,000	2,000	2,010	(10)
Utilities and telephone	8,500	8,500	9,551	(1,051)
TOTAL EXPENDITURES	70,750	70,750	87,292	(16,542)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	(5,200)	(5,200)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(5,200)	(5,200)
EXCESS REVENUES OVER (UNDER) EXPENDITURES	11,250	11,250	9,477	(1,773)
FUND BALANCE - BEGINNING OF YEAR	224,959	224,959	224,959	-
FUND BALANCE - END OF YEAR	\$ 236,209	\$ 236,209	\$ 234,436	\$ (1,773)

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OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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

City Commission
City of Mingus, Texas
P.O. Box 115
Mingus, Texas 76463

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mingus, Texas (the "City") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated July 24, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

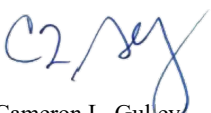
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, other material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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


Cameron L. Gulley
Certified Public Accountant
Eastland, Texas

July 24, 2025

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CITY OF MINGUS, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Auditor's Results

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weakness(es) identified?	None.
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	No.
An unqualified opinion was issued on the general purpose financial statements.	
The audit disclosed no noncompliance which is material to the general purpose financial statements.	

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None.

C. Findings and Questioned Costs for Federal Awards

N/A.

CITY OF MINGUS, TEXAS
SUMMARY OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

Program

Findings

Questioned Costs

None reported.