

CITY OF HAMILTON, TEXAS

Annual Financial Report
Fiscal Year Ended
September 30, 2024

CITY OF HAMILTON, TEXAS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Hamilton, Texas

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, Texas Municipal Retirement System OPEB schedule, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Boucher, Morgan & Young". The script is cursive and fluid, with the ampersand connecting the last names.

Stephenville, Texas
June 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HAMILTON, TEXAS
Management's Discussion and Analysis
September 30, 2024

As management of the City of Hamilton (the City), we offer the readers of the City's financial statements this narrative overview, management discussion and analysis (MD&A) of our financial activities for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Hamilton is located in the center of Hamilton County (both were named after South Carolina Governor James Hamilton), situated in the Pecan Creek Valley in Central Texas, at the intersection of U.S. Highway 281 and State Highway 36. Although Hamilton is located in a sparsely populated region of the state, it is near three metropolitan areas: 70 miles west of Waco, 100 miles West-southwest of Fort Worth, and 115 miles northwest of Austin. Hamilton was designated as the county seat when it was founded in 1858. Unlike many communities that were established solely as railroad stops, Hamilton did not receive rail service until 1908, by which time it boasted a population of over 1,400. Hamilton grew through the early 20th Century and at one time supported five cotton gins. By 1950 Hamilton's population reached 3,000. A population decline throughout the 1950's and 1960's can be attributed to the termination of rail service, a flood in the 1950's, and changing farm patterns. There was significant growth in the 1970's, and the population of Hamilton reached 3,189. The economic downturn of the next decade led to another decline in population. By 1990 Hamilton reported 2,937 residents. The 2010 census documented a population increase of 158 people. As people have learned to work from home through the Covid years of 2020 and 2021, Hamilton, being a rural community with fiber internet, has become a more desirable location from which to do business. The population of Hamilton would seem to increase, but due to the lack of industry and prices of goods and services in rural towns, being higher in some cases, the Census from 2010 to 2020 declined by exactly 200 people. An attraction to living outside the city limits is the offering of land in 10-acre plots as ranchers and farmers sell off their land. Individuals and families have seized the opportunity to become mini ranchers and farmers. On these plots close to town, they are less restricted by local government but they can enjoy the nearby benefits of purchasing supplies and having amenities such as parks, a library, schools, civic theater, law enforcement, fire protection, and an airport that Hamilton has to offer. The City was incorporated in 1909, and is a General Law Type A municipality. Policymaking and legislative authorities are vested in a governing body consisting of a mayor and five council members. The council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City's administrator. The administrator is responsible for carrying out policies and ordinances of the governing body, for overseeing the day-to-day operations of the City, and for appointment of all other employees. The mayor and all of the council members are elected at large and do not represent any one district. The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit request for appropriation to the City Administrator. The Administrator uses these requests as the starting point for developing a proposed budget. The Mayor presents this budget to the Council for review in July. The budget is modified by Council and is adopted by no later than September 30, the close of the fiscal year. No purchase over the appropriated amount budgeted may be made without approval of the Council. Budget-to-actual comparisons are provided for Council review each month. The City provides a full range of services including streets, sanitation, police protection, fire protection, recreational facilities, and other infrastructure within the City. Water and wastewater services are provided as a department of the City and therefore have been included as an integral part of the financial statements. The City is also financially accountable for a legally separate economic development corporation, which is reported discretely within the financial statements.

CITY OF HAMILTON, TEXAS
Management's Discussion and Analysis
September 30, 2024

Waste Connections provides sanitation services to the City. The sanitation contract was a five year contract, which expires December 31, 2024. The City will request bids for a new contract, which will begin January 1, 2025.

The availability of adequate water supply and delivery is vital to any community's life and growth. The average citizen expects water to be available, good quality, and in the quantity desired. Response to these demands requires considerable planning, effort, and investment in infrastructure. The City presently utilizes surface water from Lake Proctor which is treated by the Upper Leon River Municipal Water District to provide potable water for approximately 1,500 services within the City and 600 gallons per minute (gpm) to the Multi-County Water Supply Corporation (MCWSC). The City has one (1) ground storage reservoir, two (2) elevated tanks, and one (1) standpipe. The City's water system is on one pressure plane. All towers are looped back together.

The City operates and maintains its entire wastewater system. A wastewater system must provide for the collection of waste from the residential and commercial sections of the City. The existing wastewater collection system that serves the city of Hamilton has been in service for many years and has been extended as necessary. The system consists mainly of vitrified clay tile (V.C.T.) sewer pipe with newer lines being PVC. Pipe sizes range in diameter from 6" up to 16" but consist mainly of 6" and 8" lines. Depth of the collection system ranges from 1' to approximately 16' depth with a medium depth of 5' to 7' in a majority of the lines. The 16" trunk sewer extends from the wastewater plant toward the city southward along Pecan Creek to Whitney Street. The majority of lines in the collection system have sufficient grades to maintain self-cleaning velocities. These lines are in "relatively" good condition. The City's wastewater collection system contains three (3) lift stations. All three (3) stations are with submersible pumps and have been constructed within the last 20 years. They are located at Jones and Elm Street in the southeast corner of the city, at the north end of Navajo Trail in Indian Oaks and at the Wastewater Plant site. These stations have had pump replacements as they reach end of useful life. The manholes in the system and old clay pipe take in a large amount of water during periods of high rainfall. The existing Hamilton WWTP consists of an influent screening unit, an influent flow measurement (Parshall Flume), a grit basin, a raw water lift station, an oxidation ditch (aeration basin), two (2) final clarifiers, belt press, and sludge drying beds. The existing facility was constructed in 1990, expanded in 2009, and had \$220,335 in renovations completed in April of 2021. The facility does not treat any industrial waste, and therefore, does not have any special treatment facilities. The WWTP is permitted not to exceed 620,000 gallons per day.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities. The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented 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.

CITY OF HAMILTON, TEXAS
Management's Discussion and Analysis
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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 this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, highway and streets, public safety, airport, sanitation, cultural and recreation and library. The business-type activities of the City include water and wastewater.

The government-wide financial statements include not only the City (the primary government) but also the legally separate Hamilton Economic Development Corporation (HEDC) (the component unit). Financial information for HEDC is reported separately from the financial information reported for the City of Hamilton. The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

The City maintains two 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 the Capital Improvements Fund, both of which are considered to be major funds.

The City adopts an annual legally appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15 and 17 of this report. ***Proprietary funds.*** The City maintains one proprietary fund, the Water and Sewer Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide

CITY OF HAMILTON, TEXAS
Management's Discussion and Analysis
September 30, 2024

financial statements. The City uses its enterprise fund to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 19-23 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 can be found beginning on page 25 of this report.

Financial Highlights

The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of September 30, 2024 by \$9.2 million of which \$5.5 million is invested in capital assets, net of related debt. The total net position was comprised of \$4.8 million in governmental activities and \$4.4 million in business-type activities.

The overall increase in the City's net position for the year ended September 30, 2024 was \$1.9 million.

CITY OF HAMILTON, TEXAS						
Net Position						
	Governmental	Activities	Business-Type	Activities	Totals	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 2,479,804	\$ 2,240,351	\$ 2,332,286	\$ 2,661,105	\$ 4,812,090	\$ 4,901,456
Capital Assets	3,142,878	2,034,340	4,469,272	4,693,613	7,612,150	6,727,953
Total Assets	<u>5,622,682</u>	<u>4,274,691</u>	<u>6,801,558</u>	<u>7,354,718</u>	<u>12,424,240</u>	<u>11,629,409</u>
Deferred Outflows	<u>193,403</u>	<u>323,248</u>	<u>99,922</u>	<u>160,276</u>	<u>293,325</u>	<u>483,524</u>
Total Assets and Deferred Outflows	<u>5,816,085</u>	<u>4,597,939</u>	<u>6,901,480</u>	<u>7,514,994</u>	<u>12,717,565</u>	<u>12,112,933</u>
Current Liabilities	392,434	300,241	196,898	377,293	589,332	677,534
Non-Current Liabilities	<u>568,824</u>	<u>932,158</u>	<u>2,183,328</u>	<u>2,648,109</u>	<u>2,752,152</u>	<u>3,580,267</u>
Total Liabilities	<u>961,258</u>	<u>1,232,399</u>	<u>2,380,226</u>	<u>3,025,402</u>	<u>3,341,484</u>	<u>4,257,801</u>
Deferred Revenue - ARPA Grant	-	-	-	555,512	-	555,512
Deferred Inflows	<u>99,022</u>	<u>26,969</u>	<u>42,986</u>	<u>11,708</u>	<u>142,008</u>	<u>38,677</u>
Total Liabilities and Deferred Inflows	1,060,280	1,259,368	2,423,212	3,592,622	3,483,492	4,851,990
Net Position:						
Net Investment in Capital Assets	3,026,216	1,837,237	2,478,431	2,370,284	5,504,647	4,207,521
Restricted:						
Water and Sewer Infrastructure Fee	-	-	413,785	-	413,785	-
Court Technology	45,817	35,665	-	-	45,817	35,665
Cemetery Maintenance	165,941	127,269	-	-	165,941	127,269
Capital Improvement	-	1,752	-	-	-	1,752
Unrestricted	<u>1,517,831</u>	<u>1,336,648</u>	<u>1,586,052</u>	<u>1,552,088</u>	<u>3,103,883</u>	<u>2,888,736</u>
Total Net Position	<u>\$ 4,755,805</u>	<u>\$ 3,338,571</u>	<u>\$ 4,478,268</u>	<u>\$ 3,922,372</u>	<u>\$ 9,234,073</u>	<u>\$ 7,260,943</u>

CITY OF HAMILTON, TEXAS
Management's Discussion and Analysis
September 30, 2024

City's Financial Analysis

Comparative information between the current year and the prior year is presented below:

CITY OF HAMILTON, TEXAS						
Changes In Net Position						
	<u>Governmental</u>	<u>Activities</u>	<u>Business-Type</u>	<u>Activities</u>	<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	\$ 1,117,977	\$ 1,056,818	\$ 3,245,033	3,386,556	\$ 4,363,010	4,443,374
Operating Grants and Contributions	1,211,458	167,240	-	-	1,211,458	167,240
Capital Grants and Contributions	-	-	639,439	191,556	639,439	191,556
General Revenue:						
Property Taxes	1,050,856	984,617	-	-	1,050,856	984,617
Sales Tax	880,007	885,550	-	-	880,007	885,550
Franchise Taxes	171,432	169,301	-	-	171,432	169,301
Other Taxes	32,097	26,269	-	-	32,097	26,269
Investment Earnings	94,060	99,133	94,966	34,705	189,026	133,838
Gain (Loss) on Sale of Assets	50,378	-	-	-	50,378	-
Miscellaneous	425,127	124,842	-	-	425,127	124,842
Total Revenues	<u>5,033,392</u>	<u>3,513,770</u>	<u>3,979,438</u>	<u>3,612,817</u>	<u>9,012,830</u>	<u>7,126,587</u>
Expenses:						
General Government	544,004	586,368	-	-	544,004	586,368
Public Safety	910,550	874,634	-	-	910,550	874,634
Highways and Streets	687,648	548,260	-	-	687,648	548,260
Airport	305,343	422,233	-	-	305,343	422,233
Sanitation	588,621	502,328	-	-	588,621	502,328
Culture and Recreation	323,937	395,247	-	-	323,937	395,247
Library	20,000	20,000	-	-	20,000	20,000
Economic Development	298,094	421,438	-	-	298,094	421,438
Interest on Debt	7,961	4,830	-	-	7,961	4,830
Water and Sewer	-	-	3,353,542	3,166,849	3,353,542	3,166,849
Total Expenses	<u>3,686,158</u>	<u>3,775,338</u>	<u>3,353,542</u>	<u>3,166,849</u>	<u>7,039,700</u>	<u>6,942,187</u>
Change in Net Position Before Transfers	1,347,234	(261,568)	625,896	445,968	1,973,130	184,400
Transfers	70,000	2,281	(70,000)	(2,281)	-	-
Change in Net Position	1,417,234	(259,287)	555,896	443,687	1,973,130	184,400
Net Position, Beginning	<u>3,338,571</u>	<u>3,597,858</u>	<u>3,922,372</u>	<u>3,478,685</u>	<u>7,260,943</u>	<u>7,076,543</u>
Net Position, Ending	<u>\$ 4,755,805</u>	<u>\$ 3,338,571</u>	<u>\$ 4,478,268</u>	<u>\$ 3,922,372</u>	<u>\$ 9,234,073</u>	<u>\$ 7,260,943</u>

The government's net position increased by \$1.9 million during the fiscal year, compared to the prior year increase of \$184 thousand. Business-type activities increased the City's net position by \$556 thousand compared to an increase in the prior year of \$444 thousand.

CITY OF HAMILTON, TEXAS
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General, Utility and Airport Fund Budgetary Highlights

In the 2023-2024 budget, City property taxes were increased from .4750 to .4777, which is a 2.55% increase in revenue and .5% increase in tax rate. In grant funding, the city continued to utilize the Coronavirus State and Local Fiscal Recovery Funds from the American Rescue Plan Act. The projects that were identified for this money were all unexpected emergency projects, such as continuing the waterline replacement project on W Henry & N Cage, Line stop to repair leak on Highway 22, emergency repairs on rotors at WWTP, repair cla-valve at WTP, SH 36 14 inch AC waterline replacement, Highway 281 mainline extension, bearing replacement & gear drive repair at WWTP, and water plant pump replacement.

The City continued and completed the airport hangar pavement and concrete construction project with a \$1.3 million dollar grant from TxDOT Aviation. The final payment and request for reimbursement was made in August 2024. During the 2023-2024 budget year, the city purchased an oil truck to assist in building the street program. The city also purchased a 2024 JD Z930 M Ztrak mower, and a utility service vehicle. The city replaced the automated weather observing system (AWOS) at the airport, utilizing a grant facilitated through TxDOT Aviation. The city made technology upgrades with a new computer for City Hall staff.

Economic Factors and Next Year's Budget and Rates

In the 2024-2025 budget, General Fund revenues are budgeted to decrease by \$68,831 from the 2023-2024 budget, due to the decrease on Hospital PD contract and the removal of the Leased EDC line item. The property tax rate is to be increased by 8% in the 2024-2025 budget.

Capital Asset and Debt Administration

Over many years, the City has invested \$27.5 million in capital assets, which the net of accumulated depreciation has a net book value of \$7.6 million in a broad range of capital assets, including firetrucks, early warning system, buildings, airport facilities, park facilities, roads, bridges, water and sewer lines.

Contacting the City's Financial Management

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City. Credit goes to City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hamilton's finances. This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to the City Administrator, 200 E Main, Hamilton, TX 76531, or by telephone 254-386-8116.

BASIC FINANCIAL STATEMENTS

CITY OF HAMILTON, TEXAS

Statement of Net Position

September 30, 2024

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	
ASSETS:				
Cash and Investments	\$ 2,049,181	\$ 1,898,115	\$ 3,947,296	\$ 849,612
Receivables, Net of Allowance of \$13,207 Governmental Activities and \$52,590 Business-Type Activities	120,022	454,149	574,171	-
Taxes Receivable, Net of Allowance of \$34,400	26,717	-	26,717	-
Grant Receivables	65,363	-	65,363	-
Intergovernmental Receivable	161,742	-	161,742	53,914
Note Receivable	-	-	-	54,545
Internal Balances	23,797	(23,797)	-	-
Other Assets	32,982	3,819	36,801	-
Capital Assets (Net of Accumulated Depreciation/Amortization):				
Land	274,875	17,578	292,453	-
Construction in Progress	1,215,957	-	1,215,957	-
Buildings	-	11,050	11,050	2,575
Airport	745,918	-	745,918	-
Park Improvements	114,976	-	114,976	-
Equipment	430,272	181,412	611,684	2,237
Motor Vehicles	-	19,936	19,936	-
Infrastructure	360,880	4,216,284	4,577,164	-
Right-to-Use Assets	-	23,012	23,012	-
Total Assets	5,622,682	6,801,558	12,424,240	962,883
DEFERRED OUTFLOWS:				
Deferred Loss on Refunding	-	15,967	15,967	-
Related to the TMRS pension	189,206	82,133	271,339	-
Related to the TMRS OPEB	4,197	1,822	6,019	-
	193,403	99,922	293,325	-
Total Assets and Deferred Outflows	5,816,085	6,901,480	12,717,565	962,883
LIABILITIES:				
Accounts Payable and Other Current Liabilities	390,002	54,117	444,119	1,276
Accrued Interest Payable	2,432	8,210	10,642	-
Customer Deposits	-	114,545	114,545	-
Noncurrent Liabilities:				
Accrued Compensated Absences	28,152	8,430	36,582	-
Long-term Debt Due Within One Year	47,165	257,994	305,159	-
Long-term Debt Due in More than One Year	69,497	1,732,847	1,802,344	-
OPEB Liability	68,721	29,831	98,552	-
Pension Liability	355,289	154,226	509,515	-
Total Liabilities	961,258	2,360,200	3,321,458	1,276
DEFERRED INFLOWS:				
Deferred Revenue - ARPA Grant	-	20,026	20,026	-
Related to the TMRS OPEB	16,227	7,045	23,272	-
Related to the TMRS Pension	82,795	35,941	118,736	-
Total Liabilities and Deferred Inflows	1,060,280	2,423,212	3,483,492	-
NET POSITION				
Net Investment in Capital Assets	3,026,216	2,478,431	5,504,647	-
Restricted For:				
Water and Sewer Infrastructure Fee	-	413,785	413,785	-
Court Technology	45,817	-	45,817	-
Cemetery Maintenance	165,941	-	165,941	-
Economic Development	-	-	-	961,607
Unrestricted	1,517,831	1,586,052	3,103,883	-
Total Net Position	\$ 4,755,805	\$ 4,478,268	\$ 9,234,073	\$ 961,607

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Statement of Activities
For The Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			(Expense) Revenue and Changes in Net Position			Component Unit
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-type Activities	Total	
					Governmental Activities			
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 544,004	\$ 32,508	\$ -	\$ -	\$ (511,496)	\$ -	\$ (511,496)	\$ -
Public Safety	910,550	194,058	-	-	(716,492)	-	(716,492)	-
Highways and Streets	687,648	-	-	-	(687,648)	-	(687,648)	-
Airport	305,343	150,426	1,211,458	-	1,056,541	-	1,056,541	-
Sanitation	588,621	727,893	-	-	139,272	-	139,272	-
Culture and Recreation	323,937	7,665	-	-	(316,272)	-	(316,272)	-
Library	20,000	-	-	-	(20,000)	-	(20,000)	-
Economic Development and Assistance	298,094	5,427	-	-	(292,667)	-	(292,667)	-
Interest on Long-Term Debt	7,961	-	-	-	(7,961)	-	(7,961)	-
Total Governmental Activities	<u>3,686,158</u>	<u>1,117,977</u>	<u>1,211,458</u>	<u>-</u>	<u>(1,356,723)</u>	<u>-</u>	<u>(1,356,723)</u>	<u>-</u>
Business-type Activities:								
Water and Sewer	3,353,542	3,245,033	-	639,439	-	530,930	530,930	-
Total Business-Type Activities	<u>3,353,542</u>	<u>3,245,033</u>	<u>-</u>	<u>639,439</u>	<u>-</u>	<u>530,930</u>	<u>530,930</u>	<u>-</u>
Total Primary Government	<u>\$ 7,039,700</u>	<u>\$ 4,363,010</u>	<u>\$ 1,211,458</u>	<u>\$ 639,439</u>	<u>(1,356,723)</u>	<u>530,930</u>	<u>(825,793)</u>	<u>-</u>
COMPONENT UNIT:								
Economic Development Corporation	<u>\$ 316,414</u>	<u>\$ -</u>	<u>\$ 296,871</u>	<u>\$ -</u>				<u>(19,543)</u>
Taxes:								
Property					1,050,856	-	1,050,856	-
Sales					880,007	-	880,007	-
Franchise					171,432	-	171,432	-
Other					32,097	-	32,097	-
Investment Earnings					94,060	94,966	189,026	4,178
Gain (Loss) on Sale of Assets					50,378	-	50,378	5,147
Miscellaneous					425,127	-	425,127	-
Transfers					70,000	(70,000)	-	-
Total General Revenues and Transfers					<u>2,773,957</u>	<u>24,966</u>	<u>2,798,923</u>	<u>9,325</u>
Change in Net Position					<u>1,417,234</u>	<u>555,896</u>	<u>1,973,130</u>	<u>(10,218)</u>
Net Position - Beginning					<u>3,338,571</u>	<u>3,922,372</u>	<u>7,260,943</u>	<u>971,825</u>
Net Position - Ending					<u>\$ 4,755,805</u>	<u>\$ 4,478,268</u>	<u>\$ 9,234,073</u>	<u>\$ 961,607</u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Balance Sheet - Governmental Funds
September 30, 2024

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Assets:			
Cash and Investments	\$ 2,049,181	\$ -	\$ 2,049,181
Receivables, Net of Allowance of \$13,207	94,135	-	94,135
Taxes Receivable, Net of Allowance of \$34,400	26,717	-	26,717
Grant Receivables	65,363	-	65,363
Due from Other Governments	161,742	-	161,742
Prepaid Items	9,332	-	9,332
Due from other fund	23,797	-	23,797
Other Receivables	23,650	-	23,650
Total Assets and Other Debits	<u>\$ 2,453,917</u>	<u>\$ -</u>	<u>\$ 2,453,917</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 223,545	\$ -	\$ 223,545
State Sales Tax Payable EDC	53,914	-	53,914
Contract Amounts Payable	698	-	698
Accrued Liabilities Payable	111,845	-	111,845
Total Liabilities	<u>390,002</u>	<u>-</u>	<u>390,002</u>
Deferred Inflows:			
Unavailable Revenue - Property Taxes	<u>26,717</u>	<u>-</u>	<u>26,717</u>
Fund Balances:			
Nonspendable			
Prepaid Items	9,332	-	9,332
Restricted For:			
Court Security Technology	45,817	-	45,817
Cemetery Maintenance	165,941	-	165,941
Unassigned	1,816,108	-	1,816,108
Total Fund Balance	<u>2,037,198</u>	<u>-</u>	<u>2,037,198</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 2,453,917</u>	<u>\$ -</u>	<u>\$ 2,453,917</u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2024

Total fund balances - governmental funds balance sheet	\$ 2,037,198
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Amounts reported for governmental activities in the statement of net position ("SNP") are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	3,142,878
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Revenue earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements	52,604
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Long-term liabilities, including financed purchases, accrued compensated absences, notes payable and the related interest payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	(147,246)
--	-----------

The statement of net position includes the City's proportionate share of the TMRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.

Net pension liability	(355,289)	
Deferred retirement contributions	104,708	
Deferred investment experience	84,498	
Deferred assumption/input changes	(19,560)	
Deferred actual vs. assumption	(63,235)	(248,878)

The statement of net position includes the City's proportionate share of TMRS OPEB liability as well as certain OPEB related transactions accounted for as Deferred Inflows and Outflows of resources.

OPEB liability	(68,721)	
Deferred investment experience	(6,825)	
Deferred actual vs. assumption	(9,402)	
Deferred contributions after valuation date	4,197	(80,751)

Net position of governmental activities	<u>\$ 4,755,805</u>
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The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Governmental Funds
For The Year Ended September 30, 2024

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Total Governmental Funds</u>
REVENUE			
Taxes:			
General Property	\$1,056,963	\$ -	\$ 1,056,963
General Sales and Use	880,007	-	880,007
Franchise	171,432	-	171,432
Other Taxes	32,097	-	32,097
License and Permits	63,365	-	63,365
Intergovernmental	1,211,458	-	1,211,458
Charges for Services	759,536	-	759,536
Component Unit Leased Employee Income	5,427	-	5,427
Fines	133,068	-	133,068
Investment Earnings	94,005	55	94,060
Rental Income	51,306	-	51,306
Other Revenues	534,822	-	534,822
Total Revenues	<u>4,993,486</u>	<u>55</u>	<u>4,993,541</u>
EXPENDITURES			
Current:			
General Government	505,847	-	505,847
Public Safety	986,805	-	986,805
Highways and Streets	592,894	-	592,894
Airport	1,531,749	-	1,531,749
Sanitation	588,621	-	588,621
Culture and Recreation	280,103	-	280,103
Library	20,000	-	20,000
Economic Development and Assistance	298,094	-	298,094
Debt Service:			
Principal	80,441	-	80,441
Interest and Fiscal Charges	7,558	-	7,558
Capital Outlay	64,390	1,807	66,197
Total Expenditures	<u>4,956,502</u>	<u>1,807</u>	<u>4,958,309</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>36,984</u>	<u>(1,752)</u>	<u>35,232</u>
Other Financing Sources (Uses):			
Transfers In (out)	70,000	-	70,000
Proceeds on Sale of Assets	51,650	-	51,650
Total Other Financing Sources (Uses)	<u>121,650</u>	<u>-</u>	<u>121,650</u>
Net Change in Fund Balances	158,634	(1,752)	156,882
Fund Balances - Beginning	1,878,564	1,752	1,880,316
Fund Balances - Ending	<u>\$2,037,198</u>	<u>\$ -</u>	<u>\$ 2,037,198</u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended September 30, 2024

Net change in fund balances - total governmental funds	\$	156,882
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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 reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.		1,108,538
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(10,527)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		80,441
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Net pension liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.		91,564
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OPEB liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.		(1,308)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. The net effect of these reclassifications and recognitions is to increase net position.		(8,356)
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Change in net position of governmental activities	\$	<u>1,417,234</u>
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The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS

Statement of Net Position

Proprietary Fund

September 30, 2024

	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
ASSETS:	
Current Assets:	
Cash and Investments	\$ 1,898,115
Receivables, Net of Allowance of \$52,590	454,149
Prepaid Items	<u>3,819</u>
Total Current Assets	<u>2,356,083</u>
Capital Assets:	
Land	17,578
Building	25,500
Infrastructure	13,925,969
Machinery and Equipment	863,126
Financed Purchases	722,791
Vehicles	151,770
Right-to-Use Assets	69,034
Less Accumulated Depreciation	(11,260,474)
Less Accumulated Amortization	<u>(46,022)</u>
Total Noncurrent Assets	<u>4,469,272</u>
Total Assets	<u>6,825,355</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Loss on Refunding	15,967
Related to the TMRS Pension	82,133
Related to the TMRS OPEB	<u>1,822</u>
Total Deferred Outflows of Resources	<u>99,922</u>
Total Assets and Deferred Outflows of Resources	<u>6,925,277</u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS

Statement of Net Position

Proprietary Fund

September 30, 2024

	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	23,254
Other Current Liabilities	30,863
Deferred Revenue - ARPA Grant	20,026
Due to other fund	23,797
Accrued Interest Payable	8,210
Long-Term Debt - Current	<u>257,994</u>
Total Current Liabilities	<u>364,144</u>
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	<u>114,545</u>
Total Current Liabilities Payable from Restricted Assets	<u>114,545</u>
Noncurrent Liabilities:	
Long-Term Debt - Due in More Than One Year	1,732,847
Net Pension Liability	154,226
Net OPEB Liability	29,831
Accrued Compensated Absences	<u>8,430</u>
Total Noncurrent Liabilities	<u>1,925,334</u>
Total Liabilities	2,404,023
DEFERRED INFLOWS OF RESOURCES:	
Related to TMRS Pension	35,941
Related to TMRS OPEB	<u>7,045</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,447,009</u>
NET POSITION:	
Net Investment in Capital Assets	2,478,431
Restricted for Water and Sewer Infrastructure Fee	413,785
Unrestricted	<u>1,586,052</u>
Total Net Position	<u><u>\$ 4,478,268</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON
Statement of Revenues, Expenses, and Changes
In Net Position - Proprietary Fund
For The Year Ended September 30, 2024

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
OPERATING REVENUES:	
Charges for Sales and Services:	
Water Sales	\$ 2,211,191
Sewer Sales	823,451
Tap Fees	13,425
Other Services	196,966
Total Operating Revenues	<u>3,245,033</u>
OPERATING EXPENSES:	
Personnel Services - Salaries, Wages and Benefits	452,876
Other Purchased Services	153,984
Water and Chemicals Costs	1,372,594
Repairs and Maintenance	641,819
Depreciation	397,534
Amortization	23,011
Utilities	105,731
Small Tools and Supplies	140,605
Software	5,425
Bad Debt Expense	8,599
Total Operating Expenses	<u>3,302,178</u>
Operating Income	<u>(57,145)</u>
Non-operating Revenues (Expenses)	
Grant Revenue	639,439
Interest Revenue	94,966
Interest Expense	(51,364)
Total Non-operating Revenues (Expenses)	<u>683,041</u>
Transfers	
Transfers Out	(70,000)
Total Transfers	<u>(70,000)</u>
Change in Net Position	555,896
Net position - Beginning	3,922,372
Net position - Ending	<u>\$ 4,478,268</u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2024

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,278,330
Cash Payments to Other Suppliers for Goods and Services	(2,740,394)
Cash Payments to Employees for Services	(403,304)
Cash Received From Other Fund	<u>23,797</u>
Net Cash Provided by Operating Activities	<u>158,429</u>
Cash Flows from Non-Capital Financing Activities:	
Interfund Transfer	<u>(70,000)</u>
Net Cash Used In Non-capital Financing Activities	<u>(70,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Repayment on Debt	(325,971)
Proceeds from Capital Grants	103,953
Interest and Fiscal Charges on Debt	(46,679)
Acquisition or Construction of Capital Assets	<u>(196,204)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(464,901)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>94,966</u>
Net Cash Provided by Investing Activities	<u>94,966</u>
Net Decrease in Cash and Investments	(281,506)
Cash and Cash Investments at Beginning of Year	<u>2,179,621</u>
Cash and Investments at End of Year	<u><u>\$ 1,898,115</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HAMILTON, TEXAS
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2024

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating Income	\$ (57,145)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation and Amortization	412,950
Change in Assets, Liabilities, Deferred Inflows, and Deferred Outflows:	
Decrease (Increase) in Receivables	24,229
Decrease (Increase) in Prepaid items	(713)
Decrease (Increase) in Deferred Outflows TMRS	56,320
Decrease (Increase) in Deferred Outflows OPEB	43
Increase (Decrease) in Accounts Payable	(232,499)
Increase (Decrease) in Accrued Expenses	22,317
Increase (Decrease) in Accrued Compensated Absences	(4,396)
Increase (Decrease) in Customer Deposits	9,069
Increase (Decrease) in Due to Other Fund	23,797
Increase (Decrease) in Net Pension Liability	(128,060)
Increase (Decrease) in Deferred Inflows TMRS	31,991
Increase (Decrease) in Deferred Inflows OPEB	(713)
Increase (Decrease) in Net OPEB Liability	1,239
Total Adjustments	<u>215,574</u>
Net Cash Provided by Operating Activities	<u>\$ 158,429</u>
Cash and investments	<u>1,898,115</u>
Total Cash	<u>\$ 1,898,115</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hamilton, Texas (the City) was incorporated in 1909, under the provisions of the State of Texas. The City operates under a mayor-council form of government and provides the following services as authorized under general law: public safety (police and fire), highways and streets, sanitation, health, social services, culture and recreation and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The more significant accounting policies of the City are described below:

A. The Reporting Entity

The City's combined financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No 14, "The Financial Reporting Entity," as amended by GASB Statements No. 39 and 61, include whether:

- the organization is legally separate
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on these criteria, the City of Hamilton has one component unit, the Hamilton Economic Development Corporation. The City of Hamilton is not a component unit of any other reporting entity as defined by the GASB Statement.

Included as part of the reporting entity:

The Hamilton Economic Development Corporation (the Corporation) is a component unit of the City of Hamilton. The Corporation was organized exclusively for the purpose of benefiting and accomplishing public purposes of the City. The Board of Directors is appointed by the City Council. The City Council may at its sole discretion change the structure, organization, programs or activities of the Corporation and may terminate or dissolve the Corporation. Separate financial statements may be obtained by contacting the Corporation.

Excluded from the reporting entity:

Tax appraisal services are provided for the City of Hamilton by contract with the Hamilton County Appraisal District, and the Upper Leon River Municipal Water District provides water on a contracted basis. The City budgets and provides a limited amount of support for the Hamilton Volunteer Fire Department, the Chamber of Commerce, and for the Hamilton Public Library. Education services are provided to citizens by the Hamilton Independent School District. The City of Hamilton appoints a voting majority of the governing body of the Housing Authority of the City of Hamilton but is not able to impose its will on the governing body.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (continued)

Excluded from the reporting entity:

The County Appraisal District, Municipal Water District, Volunteer Fire Department, Library, Chamber of Commerce and Independent School District are separate organizations with boards of directors not appointed by the City of Hamilton. None of the organizations are able to provide specific financial benefits to, or impose specific financial burdens on, the City of Hamilton. All of the organizations are fiscally independent of the City of Hamilton. The listed agencies are not component units of the City of Hamilton.

B. Basis of Presentation

Government-wide Statements

The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There were no other funds to be aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The City reports the following major Governmental funds:

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

The Capital Improvements Fund accounts for major capital expenditures not financed by the Enterprise Fund.

The City reports the following major Enterprise fund:

The Water and Sewer Enterprise Fund accounts for the operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes, interest revenue, charges for services and sales tax revenues are susceptible to accrual. Franchise taxes, fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Control

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

1. Prior to October 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an Ordinance.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Fund. A budget is legally adopted for the General Fund and Enterprise Fund.

Budgets for the General Fund and Enterprise Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The General Fund Budgetary Comparison Schedule presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

All appropriations lapse on September 30 of the fiscal year.

Budget amounts are as originally adopted or as amended by the City Council.

E. Cash and Investments

Cash and Investments – Cash includes amounts in demand deposits and savings accounts, as well as short-term investments with a maturity date within three months of the date acquired by the City. Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. As of September 30, 2024, the City did not have any investments with a maturity greater than one year when purchased.

F. Capital Assets

Capital assets purchased or constructed are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other capital assets.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (continued)

Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Infrastructure	40 years
Buildings	20 - 40 years
Equipment	5 - 10 years
Right to Use Assets (SBITAs)	2 – 5 years

G. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net 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. An example is a deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes which resulted in deferred inflows of resources in the amount of \$26,717. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Accrued Compensated Absences

Full-time City employees are eligible to earn paid time off (PTO). The amount of PTO that can be accrued each year is based on the length of service and accrues according to an accrual schedule established by the City manager. Employees may carry forward earned PTO past the anniversary date based upon PTO allowed, according to the number of years of continuous employment with the City. Any PTO hours earned over the allowed amount that are not used by the anniversary date, will not be carried forward nor will any pay be given for those hours.

In accordance with accounting principles generally accepted in the United States of America, the City recognizes liabilities for future employee vacations for which payments is probable and can be estimated reasonably. Earned, unused medical leave time is not paid upon termination of employment for any reason. An employee becomes ineligible for medical leave benefits upon giving notice of resignation. Due to this policy, no accrued liability for sick leave has been recorded.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Pensions

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

J. Fund Balance and Net Position

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

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in the spendable form or (b) are legally or contractually required to be maintained intact. Non spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance and Net Position (continued)

Net position represents the difference between assets, deferred outflows, deferred inflows and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted net position will be fully utilized first followed by unrestricted as necessary.

K. Use of Estimates

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

L. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the City's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the change in the OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Information regarding the City's OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 2. DEPOSITS AND SHORT-TERM INVESTMENTS

Cash and investments as of September 30, 2024 consist of the following:

	Governmental Activities	Business-type Activities
Cash and Cash Equivalents	\$ 371,204	\$ -
Investments - TexPool	1,677,977	574,568
Investments - Certificates of Deposit	-	1,323,547
	<u>\$ 2,049,181</u>	<u>\$ 1,898,115</u>

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 2. DEPOSITS AND SHORT-TERM INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric. As of September 30, 2024, the City had investments in TexPool totaling \$2,252,545 which had a weighted average maturity of 31 days. As of September 30, 2024, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, is AAA. The actual rating for TexPool as of September 30, 2024 was AAAM. The certificates of deposit are unrated.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2024, other than external investment pools and CD's, the City did not have 5% or more of its investments with one issuer.

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. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 2. DEPOSITS AND SHORT-TERM INVESTMENTS (CONTINUED)

Custodial Credit Risk (continued)

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2024, the Extraco bank balance of the City's cash and deposits was \$872,476. \$250,000 of the bank was covered by depository insurance under the FDIC, and the remaining balance was secured with securities held by pledging financial institutions.

At September 30, 2024, the Cadence bank balance of the City's cash and deposits was \$287,825. \$250,000 of the bank was covered by depository insurance under the FDIC, and the remaining balance was secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The City is a voluntary participant in the TexPool external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. The financial statements of TexPool can be obtained from the Texas Trust Safekeeping Trust Company at www.ttstc.org. There are no limitations or restrictions on withdrawals.

NOTE 3. PROPERTY TAXES

Taxes assessed on valuations as of January 1 each year are levied during the subsequent fiscal year beginning October 1. Property taxes attach as an enforceable lien on property at the time levied. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and when they are expected to be collected during a 60-day period after the close of the fiscal year. The City has its property taxes collected by the Hamilton County Appraisal District. Property taxes that are deemed uncollectible are presented as a reserve against revenues and property taxes receivable.

The allowance for uncollectible property taxes receivable as of September 30, 2024 was \$34,400 for the general fund.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 274,875	-	-	\$ 274,875
Construction in progress	-	1,215,957	-	1,215,957
Total assets not being depreciated	<u>274,875</u>	<u>1,215,957</u>	<u>-</u>	<u>1,490,832</u>
Capital assets, being depreciated:				
Buildings	135,515	-	-	135,515
Airport	4,701,745	99,103	-	4,800,848
Park improvements	1,035,666	-	-	1,035,666
Equipment	1,419,473	103,077	(8,480)	1,514,070
Financed purchase equipment	773,646	-	-	773,646
Infrastructure	<u>1,965,822</u>	<u>-</u>	<u>-</u>	<u>1,965,822</u>
Total capital assets being depreciated	<u>10,031,867</u>	<u>202,180</u>	<u>(8,480)</u>	<u>10,225,567</u>
Accumulated depreciation:				
Buildings	135,515	-	-	135,515
Airport	3,973,138	81,792	-	4,054,930
Park improvements	868,905	51,785	-	920,690
Equipment	962,672	128,334	(7,208)	1,083,798
Financed purchase equipment	773,646	-	-	773,646
Infrastructure	<u>1,558,526</u>	<u>46,416</u>	<u>-</u>	<u>1,604,942</u>
Total accumulated depreciation/amortization	<u>8,272,402</u>	<u>308,327</u>	<u>(7,208)</u>	<u>8,573,521</u>
Total capital assets being depreciated, net	<u>1,759,465</u>	<u>(106,147)</u>	<u>(1,272)</u>	<u>1,652,046</u>
Governmental activities capital assets, net	<u>\$2,034,340</u>	<u>\$1,109,810</u>	<u>(1,272)</u>	<u>\$3,142,878</u>

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 17,578	-	-	\$ 17,578
Construction in progress	85,185	23,718	(108,903)	-
Total assets not being depreciated/amortized	<u>102,763</u>	<u>23,718</u>	<u>(108,903)</u>	<u>17,578</u>
Capital assets, being depreciated/amortized:				
Building	25,500	-	-	25,500
Infrastructure	13,644,580	281,389	-	13,925,969
Equipment	863,126	-	-	863,126
Finance purchase equipment	722,791	-	-	722,791
Motor vehicles	151,770	-	-	151,770
Right-to-use asset - SBITA	69,034	-	-	69,034
Total capital assets being depreciated/amortized	<u>15,476,801</u>	<u>281,389</u>	<u>-</u>	<u>15,758,190</u>
Accumulated depreciation/amortization:				
Building	13,812	638	-	14,450
Infrastructure	9,394,351	315,334	-	9,709,685
Equipment	615,066	66,648	-	681,714
Finance purchase equipment	722,791	-	-	722,791
Motor vehicles	116,920	14,914	-	131,834
Right-to-use asset - SBITA	23,011	23,011	-	46,022
Total accumulated depreciation/amortization	<u>10,885,951</u>	<u>420,545</u>	<u>-</u>	<u>11,306,496</u>
Total capital assets being depreciated, net	<u>4,590,850</u>	<u>(139,156)</u>	<u>-</u>	<u>4,451,694</u>
Business-type activities capital assets, net	<u>\$ 4,693,613</u>	<u>\$ (115,438)</u>	<u>(108,903)</u>	<u>\$ 4,469,272</u>

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

Governmental Activities:	
General government	\$ 117
Public safety	26,786
Highways and streets	147,848
Culture and recreation	51,783
Airport	81,793
Total depreciation expense - governmental activities	<u>\$ 308,327</u>
Business-type Activities:	
Water and sewer system	\$ 420,545
Total depreciation/amortization expense - business-type activities	<u>\$ 420,545</u>

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 5. NONCURRENT LIABILITIES

At September 30, 2024, the City's bonds and notes payable consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>
2020 General Obligation Refunding Bonds, dated August 17, 2020, due in annual installments through January 1, 2029 bearing interest rate of 1.91%	-	1,036,000
2020 General Obligation Refunding Bonds, dated September 30, 2020, due in annual installments through September 30, 2032 bearing interest rate of 3%.	-	930,734
Note payable to a financial institution in annual installments of \$38,824 through 2026 including interest at a rate of 2.41%, secured by property financed	74,900	-
Note payable to a financial institution in annual installments of \$12,718 through 2028 including interest at a rate of 6.11%, secured by property financed	41,762	-
	<u>\$ 116,662</u>	<u>\$ 1,966,734</u>

The following is a summary of all long-term debt transactions of the City for the year ended September 30, 2024:

Description	Beginning Balance 9/30/2023	Increases	Decreases	Ending Balance 9/30/2024	Due within one year
Governmental activities:					
Notes payable	\$ 197,103	\$ -	\$ 80,441	\$ 116,662	\$ 47,165
Net pension liability	650,297	(295,008)	-	355,289	-
Net OPEB liability	65,867	2,854	-	68,721	-
Accrued compensated absences	18,891	9,261	-	28,152	-
Governmental activities long-term liabilities	<u>\$ 932,158</u>	<u>\$ (282,893)</u>	<u>\$ 80,441</u>	<u>\$ 568,824</u>	<u>\$ 47,165</u>
Business-type activities					
General obligation bonds	\$ 2,131,000	\$ -	\$ 225,000	\$ 1,906,000	\$ 235,000
Premium on bond	68,329	-	7,593	60,736	-
Notes payable - equipment	77,977	-	77,977	-	-
Net pension liability	282,286	(128,060)	-	154,226	-
Net OPEB liability	28,592	1,239	-	29,831	-
Accrued compensated absences	12,826	-	4,396	8,430	-
SBITA Liability	47,099	-	22,994	24,105	22,994
Business-type activities long-term liabilities	<u>\$ 2,648,109</u>	<u>\$ (126,821)</u>	<u>\$ 337,960</u>	<u>\$ 2,183,328</u>	<u>\$ 257,994</u>

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 5. NONCURRENT LIABILITIES (CONTINUED)

The annual requirements to amortize all bonds and notes payable outstanding as of September 30, 2024 are as follows:

General Obligation Bonds Due Fiscal Year Ending September 30	Business-Type Principal	Activities Interest	Total Requirements
2025	235,000	43,451	278,451
2026	238,000	38,553	276,553
2027	241,000	33,597	274,597
2028-2032	1,192,000	83,746	1,275,746
Total	\$ 1,906,000	\$ 199,347	\$ 2,105,347

Notes Payable Due Fiscal Year Ending September 30	Governmental Principal	Activities Interest	Total Requirements
2025	47,165	4,377	51,542
2026	48,688	2,855	51,543
2027	11,446	1,271	12,717
2028	9,363	572	9,935
Total	\$ 116,662	\$ 9,075	\$ 125,737

SBITA Liability Due Fiscal Year Ending September 30	Business-Type Principal	Activities Interest	Total Requirements
2025	24,105	1,164	25,269
Total	\$ 24,105	\$ 1,164	\$ 25,269

NOTE 6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City has entered into a SBITA that allows the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITA.

The future principal and interest SBITA payments as of fiscal year end are as follows:

SBITA Liability Due Fiscal Year Ending September 30	Business-Type Principal	Activities Interest	Total Requirements
2025	24,105	1,164	25,269
Total	\$ 24,105	\$ 1,164	\$ 25,269

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 7. RETIREMENT PLAN

Plan Description

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits 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.

Plan provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Updated service credit	100% repeating transfers
Annuity increase (to retirees)	70% of CPI repeating
Retirement eligibility (Age/Service)	60/5, 0/20

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 7. RETIREMENT PLAN (CONTINUED)

Benefits Provided (continued)

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

Inactive employees of beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	44
Active employees	29
	<u>97</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees for the City of Hamilton were required to contribute 7% of the annual gross earnings during the fiscal year. The contribution rates for the City of Hamilton were 15.59% and 15.05% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$200,214, 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) is used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

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

Inflation	2.5% per year,
Overall payroll growth	2.75% adjusted down for population declines if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 7. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (continued) :

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP- 2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	6.7%
Core Fixed Income	6%	4.7%
Non-Core Fixed Income	20%	8.0%
Other Public and Private Markets	12%	8.0%
Real Estate	12%	7.6%
Hedge Funds	5%	6.4%
Private Equity	10%	11.6%
Total	100%	

Discount Rate

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

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 7. RETIREMENT PLAN (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	\$ 5,373,624	\$ 4,441,041	\$ 932,583
Changes for the year:			
Service cost	212,555	-	212,555
Interest	358,506	-	358,506
Change of benefit terms	-	-	-
Difference between expected and actual experience	(150,161)	-	(150,161)
Changes of assumptions	(48,831)	-	(48,831)
Contributions - employer	-	193,915	(193,915)
Contributions - employee	-	90,614	(90,614)
Net investment income	-	513,901	(513,901)
Benefit payment, including refunds of employee contributions	(337,401)	(337,401)	-
Administrative expense	-	(3,270)	3,270
Other changes	-	(23)	23
Net changes	34,668	457,736	(423,068)
Balance at 12/31/2023	\$ 5,408,292	\$ 4,898,777	\$ 509,515

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,233,864	\$ 509,515	\$ (84,420)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2024, the City recognized pension expense of \$61,484.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 7. RETIREMENT PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 90,685
Changes in actuarial assumptions	-	28,051
Difference between projected and actual investment earnings	408,833	287,655
Contributions subsequent to the measurement date	150,161	-
Total	\$ 558,994	\$ 406,391

\$150,161 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ (57,248)
2025	9,067
2026	93,449
2027	(42,826)
Total	\$ 2,442

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City participates in a single employer, defined benefit group-term life insurance plan known as Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. They 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 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.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits

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).

Employees Covered By Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit (OPEB) and is a fixed amount of \$7,500.

Inactive employees of beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	6
Active employees	29
	<u>49</u>

Net OPEB Liability

The City's OPEB liability of \$98,552 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

	<u>Net OPEB Liability</u>
Balance at December 31, 2022	94,459
Changes for the year:	
Service cost	6,731
Interest on Total OPEB Liability	3,857
Changes of benefit terms including TMRS plan participation	-
Difference between expected and actual experience	(6,044)
Changes of assumptions or other inputs	4,727
Benefit payments	<u>(5,178)</u>
Net changes	<u>4,093</u>
Balance at December 31, 2023	<u>98,552</u>

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions

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

Inflation	2.5%
Overall payroll growth	3.60% to 11.85% including inflation
Discount Rate	3.77%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is 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. Mortality rates for pre-retirement were based on the PUB(10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Discount Rate

The discount rate was to measure the total OPEB liability was 3.77%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 114,552	\$ 98,552	\$ 85,764

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$6,914.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	13,484
Difference between projected and actual investment earnings	-	9,788
Contributions subsequent to the measurement date	6,019	-
Total	\$ 6,019	\$ 23,272

\$6,019 was reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (8,079)
2025	(10,593)
2026	(4,427)
2027	(173)
2028	-
Thereafter	-

NOTE 9. COMMITMENTS

The City entered into a 40-year contract with the Upper Leon River Municipal Water District (ULRMWD) which allows purchase of up to 335 million gallons per year, not to exceed 2.31 million gallons per day during peak usage periods. The City may request additional water if the need arises with 60-days notification by the District that they are in agreement with revised terms. These provisions leave room for growth of the City's water system.

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one-year policy with the Texas Municipal League. The City insures its workers compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

CITY OF HAMILTON, TEXAS
Notes To Financial Statements
September 30, 2024

NOTE 11. NEW ACCOUNTING PRONOUNCEMENT

The GASB pronouncements effective in fiscal years 2025 and beyond are listed as follows:

The GASB pronouncements effective in fiscal years 2025 and beyond are listed as follows: GASB Statement No. 101, Compensated Absences (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

NOTE 12. INTERFUND ACTIVITY

The City reported the following interfund activity during the year ended September 30, 2024 as follows:

The Enterprise Fund owes the General Fund \$23,797 for funds in excess disbursed from pooled cash. The Enterprise Fund transferred \$70,000 to the General Fund for general operations.

These interfund balances are expected to be repaid or collected in the normal course of business, within one year of the fiscal year-end.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, TEXAS
General Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
Taxes:				
General Property	\$ 1,014,780	\$ 1,052,780	\$ 1,056,963	\$ 4,183
General Sales and Use	880,000	880,000	880,007	7
Franchise	158,025	169,925	171,432	1,507
Other	22,500	31,500	32,097	597
License and Permits	25,000	60,000	63,365	3,365
Intergovernmental	50,000	1,392,500	1,211,458	(181,042)
Charges for Services	629,000	714,000	759,536	45,536
EDC Employee Income	130,480	130,480	5,427	(125,053)
Fines	91,100	109,100	133,068	23,968
Investment Earnings	41,000	81,000	94,005	13,005
Rental Income	76,168	76,168	51,306	(24,862)
Other Revenues	345,432	593,432	534,822	(58,610)
Total Revenues	<u>3,463,485</u>	<u>5,290,885</u>	<u>4,993,486</u>	<u>(297,399)</u>
EXPENDITURES				
Current:				
General Government	466,957	519,214	505,847	13,367
Public Safety	874,319	984,991	986,805	(1,814)
Highways and Streets	598,436	668,120	592,894	75,226
Airport	219,200	1,710,900	1,531,749	179,151
Sanitation	510,000	616,887	588,621	28,266
Culture and Recreation	304,391	342,391	280,103	62,288
Library	20,000	20,000	20,000	-
Economic Development	293,300	293,300	298,094	(4,794)
Debt Service:				
Principal	52,500	52,500	80,441	(27,941)
Interest and Fiscal Charges	-	-	7,558	(7,558)
Capital Outlay	58,000	95,400	64,390	31,010
Total Expenditures	<u>3,397,103</u>	<u>5,303,703</u>	<u>4,956,502</u>	<u>347,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,382</u>	<u>(12,818)</u>	<u>36,984</u>	<u>49,802</u>
Other Financing Sources (Uses):				
Transfers In from Other Funds	70,000	70,000	70,000	-
Proceeds on Sale of Assets	-	-	51,650	51,650
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>70,000</u>	<u>121,650</u>	<u>51,650</u>
Net Change in Fund Balances	136,382	57,182	158,634	101,452
Fund Balances - Beginning	1,878,564	1,878,564	1,878,564	-
Fund Balances - Ending	<u>\$ 2,014,946</u>	<u>\$ 1,935,746</u>	<u>\$ 2,037,198</u>	<u>\$ 101,452</u>

CITY OF HAMILTON
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Last 10 Measurement Years

Total Pension Liability	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 96,732	\$ 150,925	\$ 163,026	\$ 161,419	\$ 178,774	\$ 189,154	\$ 185,812	\$ 170,216	\$ 198,583	\$ 212,555
Interest (on the Total Pension Liability)	254,762	265,324	265,822	280,675	287,368	294,557	309,932	329,003	346,012	358,506
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(37,538)	(78,109)	55,343	(77,038)	(93,707)	(14,444)	74,716	39,522	(41,285)	(150,161)
Change of Assumptions	-	21,802	-	-	-	24,490	-	-	-	(48,831)
Benefit Payments, Including Refunds of Employee Contributions	(206,356)	(173,972)	(262,486)	(264,204)	(284,949)	(257,303)	(271,331)	(288,900)	(312,994)	(337,401)
Net Change in Total Pension Liability	107,600	185,970	221,705	100,852	87,486	236,454	299,129	249,841	190,316	34,668
Total Pension Liability - Beginning	3,694,271	3,801,871	3,987,841	4,209,546	4,310,398	4,397,884	4,634,338	4,933,467	5,183,308	5,373,624
Total Pension Liability - Ending (a)	\$3,801,871	\$3,987,841	\$4,209,546	\$4,310,398	\$4,397,884	\$4,634,338	\$4,933,467	\$5,183,308	\$5,373,624	\$5,408,292
Plan Fiduciary Net Position										
Contributions - Employer	\$ 141,764	\$ 178,065	\$ 182,273	\$ 163,428	\$ 180,879	\$ 201,044	\$ 173,194	\$ 147,043	\$ 172,822	\$ 193,915
Contributions - Employee	45,038	57,921	61,519	61,144	67,791	78,580	80,289	73,961	84,658	90,614
Net Investment Income	163,193	4,419	206,718	449,669	(109,388)	541,670	308,548	567,596	(354,017)	513,901
Benefit Payments, Including Refunds of Employee Contributions	(206,356)	(173,972)	(262,486)	(264,204)	(284,949)	(257,303)	(271,331)	(288,900)	(312,994)	(337,401)
Administrative Expense	(1,704)	(2,691)	(2,334)	(2,330)	(2,114)	(3,060)	(1,996)	(2,626)	(3,064)	(3,270)
Other	(140)	(133)	(126)	(118)	(110)	(91)	(78)	17	3,656	(23)
Net Change in Plan Fiduciary Net Position	141,795	63,609	185,564	407,589	(147,891)	560,840	288,626	497,091	(408,939)	457,736
Plan Fiduciary Net Position - Beginning	2,852,758	2,994,553	3,058,162	3,243,726	3,651,315	3,503,423	4,064,263	4,352,889	4,849,980	4,441,041
Plan Fiduciary Net Position - Ending (b)	\$2,994,553	\$3,058,162	\$3,243,726	\$3,651,315	\$3,503,424	\$4,064,263	\$4,352,889	\$4,849,980	\$4,441,041	\$4,898,777
Net Pension Liability - Ending (a) - (b)	\$ 807,318	\$ 929,679	\$ 965,820	\$ 659,083	\$ 894,460	\$ 570,075	\$ 580,578	\$ 333,328	\$ 932,583	\$ 509,515
Plan Fiduciary Net Position as a Percentage of Total Pension Liability										
	78.77%	76.69%	77.06%	84.71%	79.66%	87.70%	88.23%	93.57%	82.65%	90.58%
Covered Employee Payroll	\$ 643,400	\$ 827,441	\$ 878,844	\$ 873,479	\$ 968,441	\$1,122,577	\$1,146,986	\$1,056,585	\$1,209,395	\$1,294,490
Net Pension Liability as a Percentage of Covered Employee Payroll	125.48%	112.36%	109.90%	75.45%	92.36%	50.78%	50.62%	31.55%	77.11%	39.36%

CITY OF HAMILTON
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 174,798	\$ 192,056	\$ 166,745	\$ 163,549	\$ 180,879	199,908	152,274	161,824	205,054	200,214
Contributions in Relation to the Actuarially Determined Contribution	174,798	192,056	166,745	163,549	180,879	199,908	152,274	161,824	205,054	200,214
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	643,400	827,441	878,844	873,479	968,441	1,122,577	1,146,986	1,056,585	1,209,395	1,294,490
Contributions as a Percentage of Covered Employee Payroll	27.17%	23.21%	18.97%	18.72%	18.68%	17.81%	13.28%	15.32%	16.96%	15.47%

CITY OF HAMILTON
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

Total OPEB Liability	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 2,882	\$ 3,680	\$ 4,041	\$ 4,932	\$ 4,332	\$ 7,135	\$ 6,731
Interest on total OPEB liability	2,690	2,697	3,170	2,973	2,603	2,520	3,857
Changes of Benefit							
Terms including TMRS plan participation	-	-	-	-	-	-	-
Difference between expected and actual experience	-	3,611	994	1,761	(1,414)	(8,778)	(6,044)
Change in assumption or other inputs	5,209	(5,053)	15,269	15,108	3,506	(37,871)	4,727
Benefit payments	(699)	(1,065)	(1,235)	(1,261)	(3,487)	(3,870)	(5,178)
Net Change in Total OPEB Liability	10,082	3,870	22,239	23,513	5,540	(40,864)	4,093
Total OBEB Liability - Beginning	70,079	80,161	84,031	106,270	129,783	135,323	94,459
Total OPEB Liability - Ending (a)	\$ 80,161	\$ 84,031	\$ 106,270	\$ 129,783	\$ 135,323	\$ 94,459	\$ 98,552
Covered Employee Payroll	\$873,479	\$968,441	\$1,122,577	\$1,146,986	\$1,056,585	\$1,209,395	\$1,294,490
Net OPEB Liability as a Percentage of Covered Employee Payroll	9.18%	8.68%	9.47%	11.32%	12.81%	7.81%	7.61%

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

Only seven years of data is presented in accordance with GASB 75, Paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF HAMILTON, TEXAS
Notes to Required Supplementary Information
September 30, 2024

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed 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 Safety 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 Scale MP-2021 (with immediate convergence).
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Other Information:

Notes	There were no benefit changes during the year.
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