

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Real. Texas. Service.

For Fiscal Year Ended
September 30, 2024



City of Mesquite, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2024

Prepared by the City of Mesquite Accounting Department

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City Officials

September 30, 2024

City Council

Daniel Alemán Jr., Mayor

Jeff Casper, District 1

Kenny Green, District 2

Elizabeth Rodriguez-Ross District 3

Tandy Boroughs, District 4

B.W. Smith, District 5

Brandon Murden, District 6

Cliff Keheley, City Manager

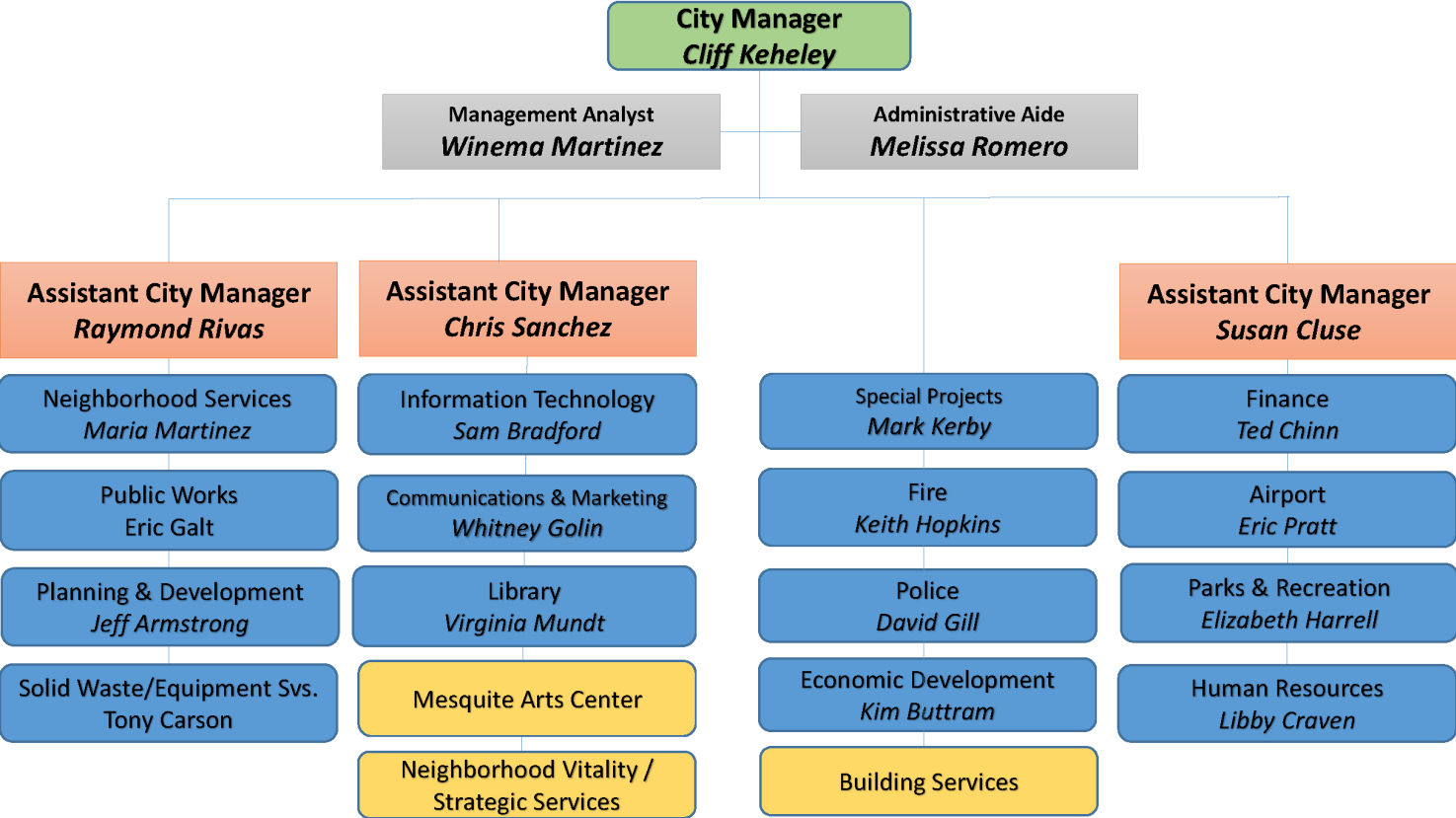
Ted A. Chinn, Director of Finance

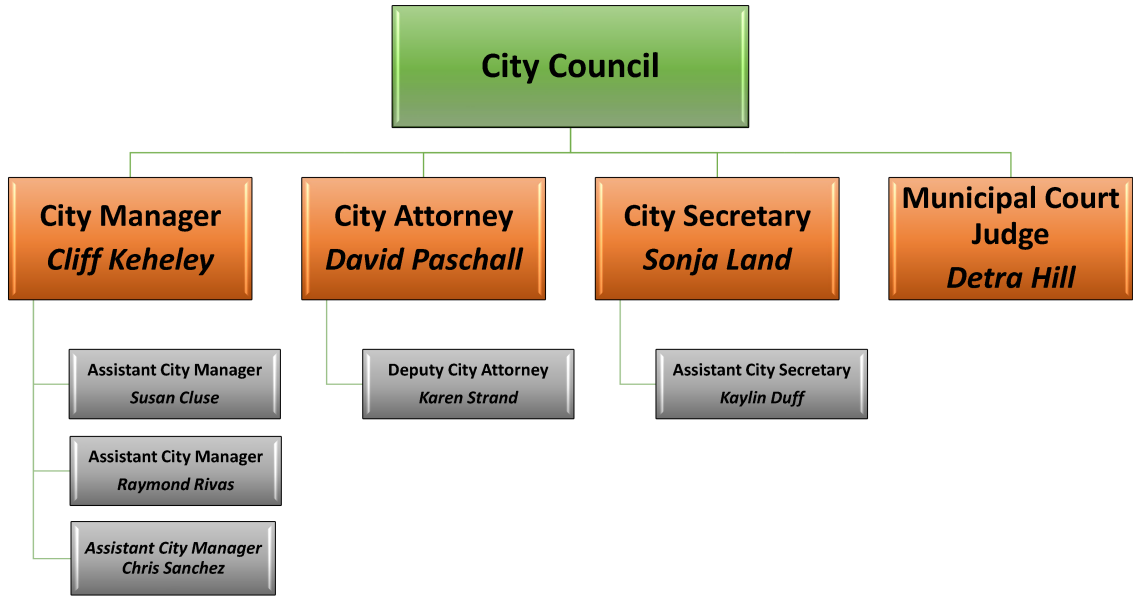
Janice Sterling, Manager of Accounting Services

Cynthia Sanchez, Interim Manager of Accounting Services

City of Mesquite, Texas

Organizational Chart
September 30, 2024







June 30, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Mesquite, Texas:

The Annual Comprehensive Financial Report (ACFR) of the City of Mesquite, Texas (City), for the fiscal year ended September 30, 2024, is submitted in accordance with Article IV, Section 32 of the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Forvis Mazars, LLP has issued unmodified (“clean”) opinions on the City’s financial statements for the year ending September 30, 2024. The independent auditor’s report is located at the beginning of the financial section of the ACFR.

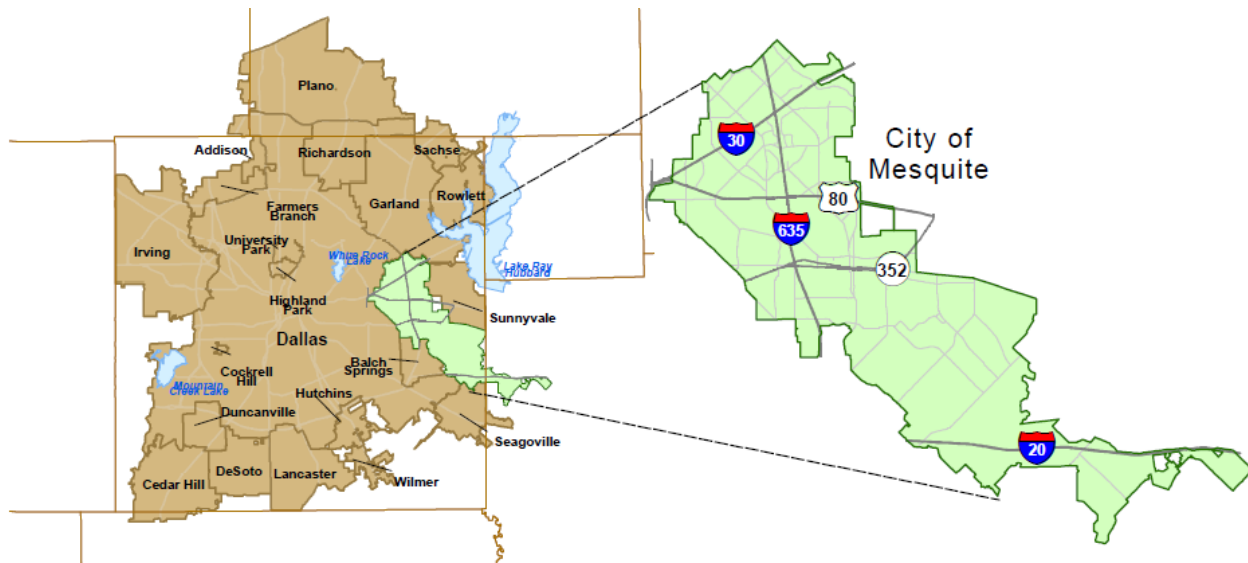
This letter of transmittal is designed to complement the Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements.

Article IV, Section 32 of the City Charter requires an annual audit of the books of account and transactions of all City departments be conducted by an independent certified public accountant selected by the City Council. The City is also required to undergo an annual single audit in conformity with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the single audit, including the supplemental schedule of federal awards, schedules of findings and questioned costs, and independent auditor’s reports on internal controls and compliance are issued separately.

City of Mesquite, Texas Profile

The City of Mesquite is located in eastern Dallas County, with its corporate limits adjoining the corporate limits of Dallas for approximately eight miles. The central business district of Mesquite is roughly 13 miles from downtown Dallas. The incorporated area of Mesquite is presently 46.96 square miles.

Mesquite began as a small farming settlement until 1873 when the Texas and Pacific Railroad arrived. Operating as an unfranchised township, it wasn't until December 3, 1887, that citizens took action to incorporate in Dallas County. Over the years Mesquite grew not only in numbers but in strength and importance, becoming a viable agricultural center by the turn of the century. The City's population increased threefold between the 1890 and 1900 U. S. Census, from 135 to 405 citizens, and grew to 729 by 1930. In 1950, Mesquite was home to 1,696 citizens, and that is when explosive growth began. The population jumped to 27,526 in 1960, and reached 67,053 by 1980, and 124,523 in 2000. Today, Mesquite's population is an estimated 157,000, making it the 21st largest city in Texas and the 10th largest in the Dallas Metroplex. Mesquite is still one of the most dynamic cities in the Metroplex, served by excellent schools, churches, healthcare institutions, cultural and entertainment facilities, parks, playgrounds, and many other amenities.



The City provides a full range of services, including police and fire protection, streets, health and solid waste services, libraries, parks, and recreation, planning and zoning, and general administrative services. Additionally, water and sewer utility services, solid waste collection services, drainage utility services, the municipal airport and the municipal golf course are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and timely payments on outstanding debt. Certain public safety, transportation, and parks and recreation services are provided through a legally separate Quality of Life Corporation, which functions as a blended fund of the City and, therefore, has been included in the financial statements.

The City is a Home Rule City operating under a council/manager form of government. The City Council is comprised of a Mayor and six Councilmembers. Councilmembers serve two-year terms and are responsible for appointing the City Manager, Municipal Judge, City Attorney, City Secretary, Independent Auditor, and members of various boards and commissions. The Mayor is elected at large, and all six Councilmembers are elected from within their respective districts. The City Manager serves as the administrative head of the municipal government and is responsible for carrying out policies and for daily management of the City.

The City's financial statements include twenty-one component units, which are discussed in Note 1 of the Notes to Financial Statements. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

Local Economy

Economic development plays a critical role in the growth and financial sustainability of the City. A strong focus is given to business retention and expansion, new business attraction, workforce development, retail and special district redevelopment. The City benefits from the strength of the Dallas area economy. The Metroplex has ranked high nationally in attracting new business and expansion of existing companies. The area remains a major distribution and financial center for the Southwest, and the growth of high-tech industries, service industries, trade, and corporate headquarters have provided a strong, stable, and diverse regional economy.

Top private employers include Town East Mall, United Parcel Service, Canadian Solar, Dallas Regional Medical Center, Pepsi Bottling, Walmart, and Ashley Furniture Industries. Top property tax revenue producers include Town East Mall, Pepsi Bottling Group, Ashley Furniture Industries, IRIS USA, Inc., Market East, and the Mesquite Airport Logistics Center.

Industrial activity leads primary quality job growth in Mesquite. Growth in this region is led by a recent surge in speculative development in DFW due to new corporate relocations and facility expansions from across the globe, for which Mesquite is receiving significant market share. In 2020, Mesquite had 12 million square feet of industrial space, and today has more than 18 million square feet of active industrial space. New companies and expansions since 2020 include Ashley Furniture, 1,000 Bulbs, Steve Silver Company, Elements International, Vehicle Accessories, and more. The City has eight business parks either existing or in the construction phases: in addition to the locations listed above, existing and future business parks include: Twenty East at Trinity Pointe, Urban District 30, East Dallas Logistics Center, Mesquite 635, and the IH-20 Business Park. Retail and entertainment anchors include Town East Mall, Market East Shopping Center, the Peachtree Entertainment Area which includes the AMC Theater, as well as Super Target, Hampton Inn & Suites, Courtyard by Marriott, and more.

Highlights of 2024 include the expansion of Canadian Solar's first North American facility in Mesquite, from 760,000 square feet to 1.5 million square feet, and increasing their local workforce from 1,500 to 1,700. Hithium Tech USA, Inc., a clean energy company, opened a 483,550 square-foot build-to-suit building (one of six planned in the 20 East Trinity Pointe industrial business park located on 284 acres in Kaufman County with a combined 3.4 million square-feet of industrial space). Hithium will add another \$100 million investment and 140 jobs to the business park, whose owner jumped to the #2 Top Taxpayer in Mesquite this year only behind Town East Mall. General Dynamics opened and brought 175 employees and over \$500 million in investment in the new Mesquite 635 industrial park. These three industrial developments are one reason why sales tax collection for the manufacturing sector in Mesquite has more than doubled in the past four years.

In December, the Dallas Business Journal recognized Mesquite as the second-leading City in north Texas for economic development deals in 2023 valued at \$1.1 billion and 2,800 prospective new jobs, more than Dallas or Arlington (only Fort Worth had more).

Despite signs of nationwide slowdown in the housing market, new housing remains steady in Mesquite, with new residential permits averaging 594 permits per year for the past four years, a pace of growth that the City has not seen since before the Great Recession. The average market value of single-family residential in Mesquite is \$280,000, with new home values in the \$375,000-\$400,000 range. There are 10,000 new home lots under construction or planned that will add 30,000 new residents to Mesquite over the next 10-years. Median household income has grown from the mid-\$50,000 range just two years ago to \$72,522.

The Town East Mall area and retail stores and restaurants throughout the City continue to be primary destinations, with new brands coming into the market such as Pluckers, Nothing Bundt Cakes, Tiff's Treats, and the opening of two new La Michoacanas. Data services show that 18 percent of all sales tax revenue comes from visitors 50-miles outside of Mesquite, and approximately 25 percent of all retail and restaurant sales come from those visitors.

Major Initiatives

The City's capital improvement plan will continue to advance the City Council's goals and commitment to enhancing and maintaining the City's infrastructure. Major projects include continuation of the residential street bond reconstruction project, which is a \$125 million general obligation bond authorization that was approved by voters in November 2015. Another \$3 million will be added to the annual street maintenance budget and \$10 million in bonds will be issued to complete the reconstruction of Faithon P. Lucas Boulevard which serves the growing 2,300-lot Solterra residential planned community.

To address growth along the IH-20 Trinity Pointe Corridor, construction has commenced on Fire Station No. 8. This \$15 million facility is located in the new 2,500-home Talia subdivision and will serve the entire eastern portion of Mesquite in Kaufman County. Construction has also commenced on the \$9.5 million elevated water storage tank that is co-located with Fire Station No. 8. With the recent completion of the Matthew Holzapfel pump station, the elevated storage tower will allow the City to meet the water needs of the southern sector of the City through total build-out.

Long Term Financial Planning

Long-term planning and having the ability to anticipate and respond to changing economic conditions is crucial in maintaining the fiscal health of the City. In January 2024, City Council met to review their current policy issues and goals for the City. These policy issues relate to safe community, attractive neighborhoods, improved transportation and mobility, vibrant economy, high performing/transparent government, and quality recreation and culture. More detail on the City Council Strategic Goals and Objectives can be found on the City's website. City staff continued to utilize the budgeting for outcomes process to prioritize resources for the fiscal year 2024 budget. The budgeting for outcomes process allows City staff to better allocate limited resources to the highest priority's established by citizens and which are aligned with City Council's stated goals and objectives.

Capital projects such as street reconstruction, traffic signal and drainage improvements, as well as new water storage and distribution projects will continue to be a priority as well as maintenance and expansion of the City's existing infrastructure. To address these needs, the City maintains a 10-year capital improvement plan that provides a long-term framework for the development and maintenance of infrastructure to meet current and future needs.

The City Council also recognizes that the need to attract and retain a qualified workforce is dependent upon a competitive compensation and benefit package for City employees. Plans include continued support of an adopted pay plan that establishes compensation for City employees at the "market midpoint" as determined by a survey of peer cities. The City Council is also committed to regular reviews of employee benefits such as insurance, retirement, and working conditions to ensure that the City is providing a competitive and attractive work environment.

Relevant Financial Policies

Internal Controls. City management is responsible for establishing and maintaining an internal control structure design to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accounting System and Budgetary Controls. In addition, the city maintains strong budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Budgets are legally adopted by the City Council for governmental funds other than Capital Projects Funds and the Other Special Revenue Fund, at the fund level of control. Project-length financial plans are adopted for Capital Projects Funds. Advisory budgetary control is maintained at the object class level (personal services, supplies, contractual services, capital outlay, etc.) in each departmental budget, and encumbrances are entered at the time a purchase order is issued. Outstanding purchase orders are reported at year-end as assigned fund balance and the commitments will be honored during the subsequent year.

The budgetary process begins each year with the preparation of both revenue estimates and expenditure requests by each City department. Budgets are reviewed by members of the City Manager's Office, the Finance Director, and the Manager of Budget and Treasury. The City Manager makes final decisions and submits a recommended budget to the City Council prior to August 15, as required by City Charter. The proposed budget is reviewed extensively by the City Council, public hearings are conducted, and the budget is legally enacted by passage of an ordinance prior to October 1.

Throughout the year, department heads are required to periodically review and update expenditure estimates for the current fiscal year. These estimates, as well as any significant changes in revenue estimates, are reviewed by the Manager of Budget and Treasury, the Finance Director, the City Manager, and the City Council. The City Council approves the adoption of an amended budget by ordinance.

During the fiscal year, monthly expenditure reports are generated by the Budget and Treasury Division using the City's integrated accounting system. These reports provide budget, expenditure, and encumbrance data for each cost center. In addition, online inquiry capability is provided to every department to review appropriation, project, document, and vendor file data. At month-end, a summarized Monthly Financial Report is prepared. Financial reports are presented to the City Council on a quarterly basis.

Revenue Policy. The City maintains a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations in any one revenue source. Charges for services, or user fees, are reviewed annually and revised subject to City Council approval.

Transfers between funds are authorized by City Council and only to the extent that the basis and justification for the transfer can be quantified. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

One-time revenues are not used for funding on-going operations. One-time revenues are used to fund capital improvements, capital equipment or other one-time expenditures.

Other Information

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended September 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR conforming to the GFOA Certificate of Achievement Program requirements. Such reports must also satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. The City has received a Certificate of achievement for the last 45 consecutive years (fiscal years ended 1980-2024). The City believes the current ACFR continues to meet the program requirements and is submitting it to GFOA to determine its eligibility for another certificate.

Award for Distinguished Budget Presentation. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2023. This is the 36th year the City has received the award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

Texas Transparency Stars. The City also maintained its five Texas Comptroller of Public Accounts Transparency Stars for Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions. This award program recognizes local governments across Texas for going above and beyond in their transparency efforts. The Texas Comptroller has recognized more than 225 local governmental entities by awarding nearly 500 Transparency Stars since the program inception, but only 19 entities have received five or six Transparency Stars.

Acknowledgements. The preparation of this ACFR could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to all City employees, especially those employees of the Accounting Division, who were instrumental in the preparation and successful completion of the ACFR. Appreciation is also extended to the Mayor and members of the City Council, and the City Manager, for their continued support and providing the necessary resources for planning and conducting the financial operations of the City in a responsible manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Ted Chinn". The signature is written in a cursive, slightly slanted style.

Ted Chinn
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mesquite
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

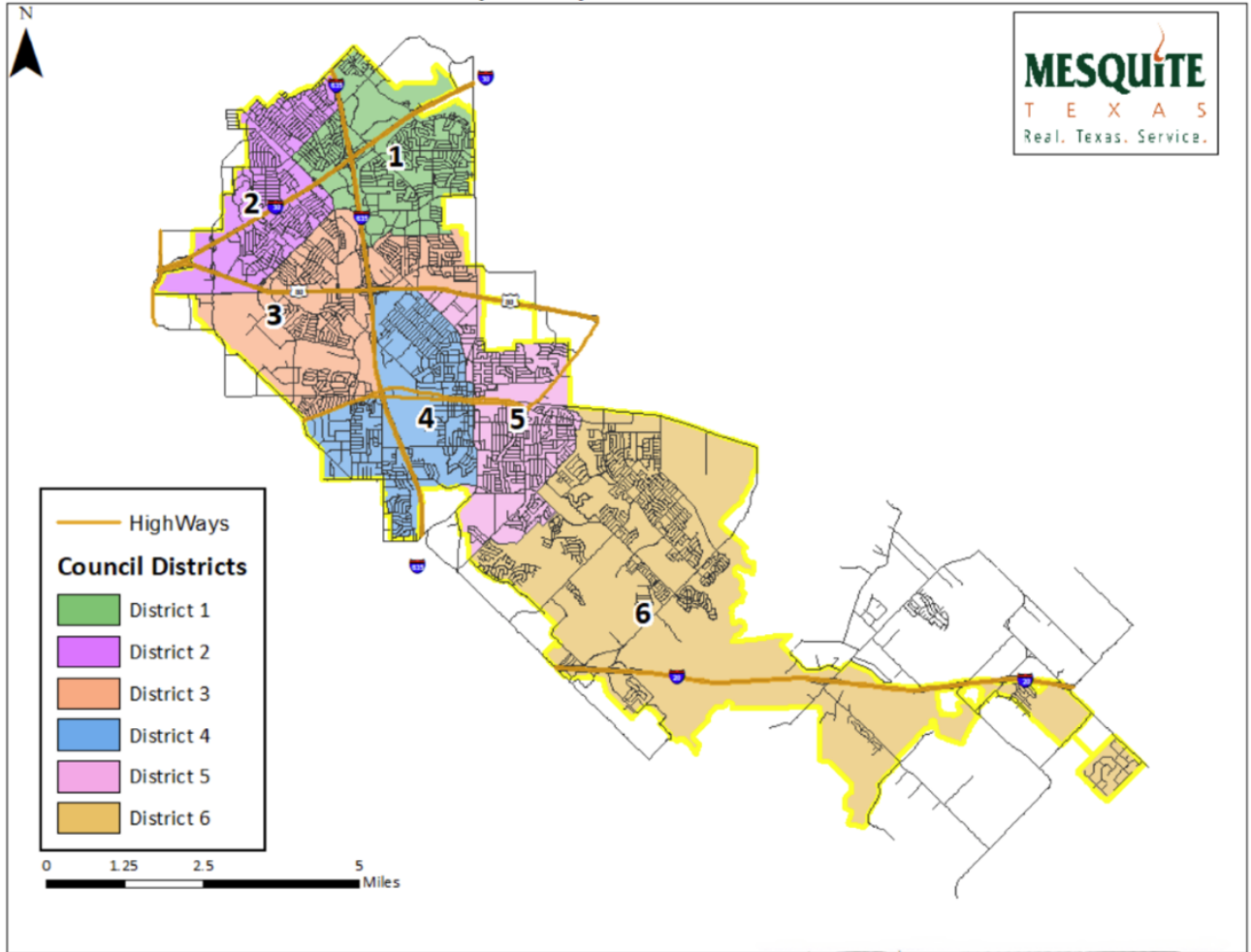
Christopher P. Morrell

Executive Director/CEO

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Mesquite City Council Districts



Independent Auditor's Report

The Honorable Mayor
and Members of the City Council
City of Mesquite, Texas
Mesquite, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite, Texas (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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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.

Emphasis of Matter

As discussed in *Note 18* to the financial statements, the City had a change within the reporting entity in fiscal year 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 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 and pension and other postemployment benefit 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended September 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended September 30, 2024.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended September 30, 2023 (not presented herein), and have issued our report thereon dated April 30, 2024, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented as part of the combining and individual fund financial statements and schedules for the year ended September 30, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the summarized comparative information presented as part of the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2023.

Other Information

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

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

Forvis Mazars, LLP

**Dallas, Texas
June 30, 2025**

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City of Mesquite, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

As management of the City of Mesquite, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$552.9 million (net position). Within the total net position, unrestricted is \$1.6 million.

The City's total net position increased by \$103.9 million from operations during fiscal year 2024. Governmental activities which receive taxes and other non-exchange revenues, increased \$50.8 million and business type activities increased by \$53.1 million.

As of the close of the current fiscal year, the City of Mesquite's governmental funds reported combined ending fund balances of \$197.1 million, a decrease of \$(9.3) million from the prior year due primarily to timing of debt issuances used to fund various capital projects and current year expenditures related to interlocal agreements that are not reimbursable.

At year-end, the unassigned fund balance for the General Fund was \$35.2 million and total fund balance was \$38.5 million. Total unassigned fund balance represents approximately 79 days of working capital, calculated in accordance with City Policy of General Fund Budgeted Revenues. For fiscal year 2024, the working days capital based on actuals on the budgetary basis concluded at 78 days working capital. On a current financial resources basis, total fund balance for the General Fund increased \$3.2 million, which was primarily the result of expenditures coming in less than budgeted.

The City's debt increased by \$35.2 million during this current fiscal year. The City issued certificates of obligation and general obligation bonds for infrastructure, capital replacement, and municipal building improvements. In addition, the City issued revenue bonded debt for water, sewer, and drainage improvements.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mesquite's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. One of the most important questions asked about the City's finances is, "Is the City of Mesquite in a better financial position at the end of this fiscal year compared to last year?" The government-wide financial statements report information about the City as a whole and about its activities in a way that helps to answer this question. Other non-financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's streets to assess the overall health or financial condition of the City.

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as fire, police, code compliance, library, parks and recreation, and community services as well as general government activities. The business-type activities of the City include water and sewer, drainage utility, municipal airport services, and municipal golf course.

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 the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 current sources and uses 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 the 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Local Finance Capital Project, Bond Finance Capital Project, Debt Service, and Other Grants funds, all of which are major funds. Data from the other five governmental funds are combined into a single, aggregated presentation titled Other Governmental Funds. Individual fund data for these nonmajor other governmental funds is provided in the form of combining statements and individual statements and schedules section of this report.

The City adopts an annual appropriated budget for the General Fund, which is presented as part of the basic financial statements to demonstrate compliance with the budget.

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Proprietary funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, drainage utility, municipal airport, municipal golf course, and solid waste and equipment service operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its group health insurance and general liability insurance programs. Both programs are predominantly governmental activities; however, as they benefit both governmental and business-type activities, current year results have been allocated by function in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Drainage Utility funds since both are considered major funds of the City. The nonmajor funds are the Municipal Airport, Municipal Golf, and Solid Waste and Equipment Services. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust to maintain a small cemetery within the City. The Custodial funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity. One custodial fund, the tax collection fund, accounts for ad valorem taxes collected on behalf of the Mesquite Independent School District, which ended on February 1, 2024. The other custodial fund, the seized assets fund, accounts for funds seized from court cases that are held in escrow until judgment.

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 can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits (OPEB). Required supplementary information immediately follows the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules follow the required supplementary information.

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Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Mesquite, assets and deferred outflows exceeded liabilities and deferred inflows by \$552.9 million as of September 30, 2024 .

The largest portion of the City’s net position (84.6%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mesquite’s Net Position

The following table reflects the condensed Statement of Net Position. Prior year comparative information has not been restated for the change in reporting entity at the beginning of fiscal year 2024.

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Current and other assets	\$ 264,408,926	\$ 278,912,018	\$ 195,361,465	\$ 180,237,667	\$ 459,770,391	\$ 459,149,685
Capital, lease, and subscription assets, net	<u>528,246,229</u>	<u>450,330,233</u>	<u>387,091,793</u>	<u>335,783,327</u>	<u>915,338,022</u>	<u>786,113,560</u>
Total Assets	<u>792,655,155</u>	<u>729,242,251</u>	<u>582,453,258</u>	<u>516,020,994</u>	<u>1,375,108,413</u>	<u>1,245,263,245</u>
Deferred Outflows of Resources	<u>35,678,919</u>	<u>55,945,580</u>	<u>11,275,612</u>	<u>4,908,076</u>	<u>46,954,531</u>	<u>60,853,656</u>
Other liabilities	52,066,055	59,691,629	13,725,201	16,559,499	65,791,256	76,251,128
Long-term liabilities	<u>570,307,829</u>	<u>568,737,654</u>	<u>221,608,992</u>	<u>206,328,328</u>	<u>791,916,821</u>	<u>775,065,982</u>
Total Liabilities	622,373,884	628,429,283	235,334,193	222,887,827	857,708,077	851,317,110
Deferred Inflows of Resources	<u>10,883,937</u>	<u>5,453,343</u>	<u>537,055</u>	<u>341,503</u>	<u>11,420,992</u>	<u>5,794,846</u>
Net investment in capital assets	220,862,342	188,826,078	247,076,318	201,458,864	467,938,660	390,284,942
Restricted	67,839,288	50,547,619	15,587,559	15,198,743	83,426,847	65,746,362
Unrestricted	<u>(93,625,377)</u>	<u>(88,068,492)</u>	<u>95,193,745</u>	<u>81,042,133</u>	<u>1,568,368</u>	<u>(7,026,359)</u>
Total Net Position	<u>\$ 195,076,253</u>	<u>\$ 151,305,205</u>	<u>\$ 357,857,622</u>	<u>\$ 297,699,740</u>	<u>\$ 552,933,875</u>	<u>\$ 449,004,945</u>

An additional portion of the City’s net position (15.1%) represents resources that are subject to external restriction on how they may be used. Within the total net position, unrestricted is a \$1.6 million surplus, which represents (0.3%) of the City’s net position.

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The current and other assets decreased in the governmental activities by \$14.5 million and the business-type activities increased by \$15.1 million. The decrease in the governmental activities assets is primarily due to decrease in pooled cash and investments as bond proceeds from debt issuance in the prior year were expended during the current year for major capital projects still in progress. Increase in the business-type activities is primarily due to an increase in pooled cash and investments for bond proceeds received for major capital infrastructure still in progress and an increase in net receivables as a result of current year operations.

The City's total liabilities increased by \$6.4 million. Bonds payable increased \$35.7 million for new capital projects. The net pension liability decreased \$22.7 million due to strong investment performance during the measurement period.

Deferred inflows and outflows of resources are primarily due to pension and other postemployment benefit valuation activity including a significant swing in the difference between projected and actual earnings on pension assets.

Analysis of the City's Operations

Governmental and Business-type activities increased the City's net position by \$103.9 million. Prior year comparative information has not been restated for the change in reporting entity at the beginning of fiscal year 2023. The key elements of this increase and the prior year results are as follows:

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	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Revenues:						
Program Revenues:						
Charges for services	\$ 30,166,873	\$ 36,236,698	\$ 130,159,001	\$ 97,591,995	\$ 160,325,874	\$ 133,828,693
Operating grants and contributions	40,229,682	26,842,072	455,479	74,250	40,685,161	26,916,322
Capital grants and contributions	11,012,042	14,027,019	26,419,282	31,132,720	37,431,324	45,159,739
Total Program Revenues	81,408,597	77,105,789	157,033,762	128,798,965	238,442,359	205,904,754
General Revenues:						
Ad valorem taxes	89,842,408	76,637,791	-	-	89,842,408	76,637,791
Gross receipts taxes	6,630,522	8,104,057	-	-	6,630,522	8,104,057
Sales taxes	63,386,760	63,582,320	-	-	63,386,760	63,582,320
Grants not restricted to specific programs	3,329,018	1,655,425	-	-	3,329,018	1,655,425
Gain on sale of capital assets	201,664	1,164,908	70,923	212,614	272,587	1,377,522
Investment income (loss)	12,356,291	8,982,090	8,377,185	5,279,136	20,733,476	14,261,226
Miscellaneous	2,296,982	292,324	767,928	-	3,064,910	292,324
Total General Revenues	178,043,645	160,418,915	9,216,036	5,491,750	187,259,681	165,910,665
Total Revenues	259,452,242	237,524,704	166,249,798	134,290,715	425,702,040	371,815,419
Expenses:						
General government	32,119,907	26,238,188	-	-	32,119,907	26,238,188
Fire services	42,267,381	41,142,835	-	-	42,267,381	41,142,835
Police services	55,440,410	53,248,368	-	-	55,440,410	53,248,368
Public works	17,591,553	29,056,552	-	-	17,591,553	29,056,552
Planning and community development	9,208,947	10,668,690	-	-	9,208,947	10,668,690
Housing and community services	28,206,183	24,827,018	-	-	28,206,183	24,827,018
Library services	3,045,057	3,157,134	-	-	3,045,057	3,157,134
Parks and recreation	14,284,547	13,337,589	-	-	14,284,547	13,337,589
Interest on long-term debt	13,971,699	14,194,564	-	-	13,971,699	14,194,564
Contribution expense	-	-	-	-	-	-
Water and sewer	-	-	76,697,527	68,537,501	76,697,527	68,537,501
Drainage utility district	-	-	3,611,593	3,594,735	3,611,593	3,594,735
Municipal airport	-	-	3,088,879	3,102,472	3,088,879	3,102,472
Municipal golf	-	-	1,766,648	1,614,747	1,766,648	1,614,747
Solid Waste and equipment services	-	-	20,472,779	-	20,472,779	-
Total Expenses	216,135,684	215,870,938	105,637,426	76,849,455	321,773,110	292,720,393
Increase in net position before transfers	43,316,558	21,653,766	60,612,372	57,441,260	103,928,930	79,095,026
Transfers	7,468,154	1,601,543	(7,468,154)	(1,601,543)	-	-
Change in Net Position	50,784,712	23,255,309	53,144,218	55,839,717	103,928,930	79,095,026
Net Position, Beginning of Year, As Previously Reported	151,305,205	128,049,896	297,699,740	241,860,023	449,004,945	369,909,919
Change in Financial Reporting Entity (Note 18)	(7,013,664)	-	7,013,664	-	-	-
Net Position, Beginning of Year, As Restated	\$ 144,291,541	\$ 128,049,896	\$ 304,713,404	\$ 241,860,023	\$ 449,004,945	\$ 369,909,919
Net Position, End of Year	\$ 195,076,253	\$ 151,305,205	\$ 357,857,622	\$ 297,699,740	\$ 552,933,875	\$ 449,004,945

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Governmental Activities

Governmental activities increased the City of Mesquite's net position by \$50.8 million.

The City's program revenues from governmental activities increased approximately \$4.3 million (5.6%) as compared to the prior year. Charges for services decreased approximately \$6.1 million, operating grants and contributions increased approximately \$13.4 million, and capital grants and contributions increased approximately \$3.0 million.

Charges for services decreased primarily due to the transfer of residential waste services and related charges from the General fund to the Solid Waste and Equipment Services fund. The decrease was partially offset by an increase in general government, fire, and parks and recreation charges. Operating grants increased due to a significant influx of interlocal agreement reimbursements related to ongoing construction projects. Capital contributions decreased 3.0 million (21.5%) due to decreased developer contributions as the City experienced less commercial and residential development than prior year.

General revenues of the City's governmental activities increased \$23.5 million (14.5%) during the year. General revenue from property taxes increased \$13.2 million due to increased property tax values and new property added to the tax roll. Gross receipts tax revenue decreased \$1.5 million due to sanitation franchise fees as sanitation services were transferred from the General fund to the Solid Waste and Equipment Services fund. Sales tax revenues decreased \$195.6 thousand due to a decrease in retail activity. Investment income increased \$3.4 million due to higher yields on investments throughout the year. Gain on sale of capital assets decreased by \$1.0 million due primarily to land sales related to economic development agreements made in the prior year.

Expenses for the City's governmental activities experienced a net increase of \$264.7 thousand (0.1%) compared with the prior fiscal year. The increase can be attributed to General Government, \$5.9 million, Fire Services, \$1.1 million, Police Services, \$2.2 million, Housing and Community Services, \$3.4 million, and Parks and Recreation Services, \$947.0 thousand. The increase was offset by a decrease attributed to Public Works Services, \$11.5 million, Planning and Community development, \$1.5 million, and Interest on long-term debt, \$222.9 thousand.

- General Government increased \$5.9 million due to an increase in personal and contractual services in both the general fund and local finance fund.
- Fire services increased \$1.1 million and police services increased \$2.2 million due to an increase in salaries and personnel costs.
- Housing and community services increased \$3.4 million due to an increase in expenditures covered by federal housing grant awards.
- Parks and recreation increased \$947.0 thousand due to an increase in salaries and contractual services.
- Public works decreased \$11.5 million primarily due to the transfer of residential waste services from the General fund to the Solid Waste and Equipment Services fund with an additional decrease in contractual services. The overall decrease was partially offset by an increase in personal services expenses.
- Planning and community development decreased \$1.5 million primarily due to a decrease in contractual services.
- Interest on long-term debt decreased \$222.9 thousand primarily due to a decrease in bond issuance costs as there were six debt issuances in the prior year compared to only three during the current year, which was partially offset by an increase in interest expense paid on debt balances due to debt issuances in the prior year.

Business-type Activities

Business-type activities increased the City of Mesquite's net position by \$53.1 million.

The City's overall revenues for business-type activities increased by \$32.0 million (23.8%) during the fiscal year. The majority of the program revenues for the City's business-type activities are from its water and sewer operations. Customer charges increased \$32.6 million primarily due to the transfer of residential waste services from the General fund to the Solid Waste and Equipment Services fund, the creation of commercial waste services, rate increases passed to residents and the addition of new utility accounts. Capital grants and contributions decreased \$4.7 million due to a decrease in developer contributions for the Water Sewer fund which was partially offset by an increase in developer contributions for the Drainage Utility District fund.

Expenses increased by approximately \$28.8 million (37.5%). The increase is mainly due to the transfer of residential waste services from the General fund to the Solid Waste and Equipment Services fund, the creation of commercial waste services, and an increase in personal and contractual services.

Financial Analysis of the City's Funds

Governmental Funds

The focus of the City of Mesquite's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$197.1 million. Approximately 15.7% of this total amount (31.0 million) constitutes unassigned fund balance. The remainder of the fund balance is comprised of \$4.0 million for nonspendable, which represents funds already committed for prepaid and inventory items and notes receivable which will be repaid in future years, \$144.3 million for restricted, which represents funds restricted for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), and \$17.9 million assigned, which represents amounts the City intends to use for specific purposes (such as encumbrances, promotion of tourism, and capital projects). The fund balances for all governmental funds decreased by \$9.3 million, from the previous fiscal year. This overall decrease is explained below individually by fund.

The General Fund is the chief operating fund of the City of Mesquite. At the end of the current fiscal year, unassigned fund balance of the General fund was \$35.2 million while the total fund balance was at \$38.5 million. The total fund balance increased by \$3.2 million.

In the General Fund, total revenues increased from the prior year as follows:

- Ad valorem taxes increased \$10.8 million due to an increase in assessed property values and growth.
- Sales tax decreased over the prior year by \$219.7 thousand due to a decrease in retail activity within the City .
- Gross receipts decreased over the prior year by \$1.5 million due to sanitation franchise fees as sanitation services were transferred from the General Fund to the Solid Waste and Equipment Services fund.

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- Licenses and permits increased \$835.5 thousand due to increased permitting associated with economic expansion.
- Fines and forfeitures increased \$400.4 thousand as a result of an increase in traffic related citations.
- Charges for services decreased \$14.1 million over the prior year. The decline can be attributed to the transfer of residential waste services from the General fund to the Solid Waste and Equipment Services fund.
- Investment income increased \$239.50 thousand as a result of rising interest rates.

Total expenditures in the General Fund decreased over the prior year as follows:

- Fire services increased \$3.9 million due to increased salary and overtime expenses.
- Police services increased \$5.4 million due increased salary and overtime expenses.
- Public works decreased \$12.1 million due to the transfer of residential waste services from the General fund to the Solid Waste and Equipment Services fund.
- Parks and recreation increased \$732.0 thousand due to increased salary and overtime expenses and contractual services.
- Housing and community services increased \$963.2 thousand due to increased federal program expenditures related to increase in housing prices.

The Local Finance capital projects fund is reported as a major fund and is used to account for capital project expenditures from the proceeds of local revenue sources. Fund balance at year end is \$47.6 million, \$30.0 million of which is restricted for various capital projects and specified spending, \$16.7 million is assigned for other capital projects identified by the City, and \$792.9 thousand is nonspendable. The fund balance decreased \$1.3 million primarily due to timing fluctuations of debt issuance versus capital project spending from year to year. Project spending carries over from year to year depending on the scheduled activity.

The Bond Finance capital projects fund is a major fund used to account for capital project expenditures from the proceeds of governmental debt. See the Capital, Lease, and Subscription Asset section for highlights on project spending. Fund balance at year end is \$74.6 million, all of which is restricted for use for the capital projects approved within the various bond issues. The fund balance decreased \$14.7 million which is due to timing fluctuations of issuing of bonds (current year) versus capital project spending from year to year.

The Debt Service fund is a designated major fund used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance was \$5.8 million at the end of the year, all of which is restricted for debt service. Fund balance increased by \$2.2 million which is due to timing of transfers from other funds to cover prior and future debt payments.

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The Other Grants fund is a major special revenue fund used to account for funds awarded to the City by all federal and state awarding agencies other than those funds accounted for in the Housing Grants fund. The fund balance (deficit) was \$(4.2) million at the end of the year, all of which is unassigned. Fund balance decreased by \$5.0 million in the current year due primarily to an increase in capital outlay expenditures for certain interlocal projects that are not reimbursable.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the year amounted to \$92.0 million, the Drainage Utility District amounted to \$5.1 million and the Solid Waste and Equipment Services fund amounted to \$166,273. The change in net position was an increase of \$39.7 million, for the Water/Sewer Fund and an increase of \$13.5 million in the Drainage Utility District Fund. The factors concerning the finances of the Water and Sewer fund have already been addressed in the discussion of the City of Mesquite's business-type activities. The Drainage Utility District fund operating results were consistent with prior year except for an increase of \$327.2 thousand in customer charges, \$327.2 thousand in personnel services, and \$3.8 million in capital contributions.

General Fund Budgetary Highlights

The City revised the original appropriations approved by the City Council for the 2024 fiscal year budget. Overall, these changes resulted in a decrease in budgeted revenues and transfers in by \$18.4 million and a decrease in expenditures and transfers out of \$21.5 million from the original budget.

The decrease in budgeted revenues primarily was to reflect:

- General Sales Tax collections increase of \$1.1 million due to inflation.
- Gross Receipts decrease of \$560 thousand for sanitation contract fees.
- Licenses and Permits increase of \$500 thousand due to an increase in new building permits related to development activity.
- Investment income increase of \$685 thousand for increased interest rates.
- Charges for services decrease of \$21.3 million related to the transfer of residential waste services provided from the General Fund to the Solid Waste and Equipment Services fund.
- Enterprise funds PILOT/franchise fees decrease of \$1.2 million related to the movement of a portion of the cost allocation from the General Fund to the Solid Waste and Equipment Services fund.

The decrease in budgeted expenditures were:

- \$3.0 million increase in police services salary and overtime expenses.
- \$16.0 million decrease in public works expenses related to the transfer of residential waste service expenditures from the General Fund to the Solid Waste and Equipment Services fund.
- \$3.5 million decrease in housing and community services due to the reorganization of activities under another department.

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Budget variances as compared to actuals were negative in revenues and transfers in of \$1.9 million and positive \$1.4 million in expenditures and transfers out. The negative variance in revenues was primarily due to decreased sales taxes of \$897 thousand due to less retail activity than the prior year and a \$820 thousand decrease in charges for services due to not having historical data for collecting commercial solid waste fees resulting in a budget estimate more than expected. Other negative variances include \$122 thousand in investment income, \$13 thousand in contributions and donations, and \$434 thousand in other revenues. Positive variances versus budgeted revenues include \$352 thousand in ad valorem taxes for increased assessment values, \$167 thousand in gross receipts, and \$441 thousand in fines and forfeitures due to increased citations.

The budget variance of \$1.4 million less in expenditures and transfers out was due to the general government, fire services, public works, planning and community development, library services, and parks and recreation services coming in under amended budget mainly due to salary savings from personnel vacancies offset by increases in police services, housing and community services, capital outlay, principal expenditures, and decreased cost allocation reimbursements. Taking into consideration cost allocation reimbursements, General government was under budget by \$1.9 million from personnel vacancies, supplies, and contractual services savings. Fire services was under budget \$927 thousand due to personnel vacancies, and uniform supplies and contractual services savings. Police services was over budget \$199 thousand due to salaries. Public works was under budget \$1.9 million due to personnel vacancies. Planning and community development was under budget \$92 thousand from contractual services related to building inspection, planning, zoning, and demolition services. Library services was under budget \$117 thousand from library supplies and contractual services. Parks and recreation was under budget \$647 thousand due to personnel vacancies, supplies, and contractual services as a result of reduced programming due to labor shortages. Housing and community services was over budget \$2.5 million as a result of increased activity within the housing federal programs and related cost of living increases.

Capital, Lease, and Subscription Assets

At the end of fiscal year 2024, the City had over \$915.3 million (net of accumulated depreciation/amortization) invested in capital, lease, and subscription assets for its governmental and business-type activities in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. The total increase in the City of Mesquite’s net investment in capital assets was 16.4% for the current fiscal year. Prior comparative information has not been restated for the change in reporting entity at the beginning of fiscal year 2024.

City of Mesquite’s Capital, Lease, and Subscription Assets, Net of Depreciation or Amortization

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Land	\$ 26,100,440	\$ 25,597,508	\$ 13,338,876	\$ 13,338,876	\$ 39,439,316	\$ 38,936,384
Construction in progress	120,672,339	119,355,088	29,494,131	74,130,667	150,166,470	193,485,755
Buildings	59,902,678	62,820,555	10,092,417	6,311,760	69,995,095	69,132,315
Infrastructure	273,666,484	200,665,269	317,726,151	235,167,405	591,392,635	435,832,674
Improvements other than buildings	17,159,058	12,666,041	4,910,902	2,715,614	22,069,960	15,381,655
Equipment	29,556,901	27,723,464	10,921,297	3,292,106	40,478,198	31,015,570
Lease assets	284,283	229,035	608,019	826,899	892,302	1,055,934
Subscription assets	904,046	1,273,273	-	-	904,046	1,273,273
Totals	\$ 528,246,229	\$ 450,330,233	\$ 387,091,793	\$ 335,783,327	\$ 915,338,022	\$ 786,113,560

City of Mesquite, Texas
Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

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

- Over \$92.9 million was expended for governmental type activities for capital projects in 2024 and \$62.5 million was completed and placed into service. Major components of projects placed into service include the following:
- Over \$13.0 million was expended on vehicles and equipment replacements including police and fire vehicles and equipment, public works vehicles and equipment and various other types of equipment.
- Over \$5.9 million in infrastructure improvements and additions for Skyline Drive-Town East to Peachtree road construction
- Over \$12.1 million in infrastructure and improvements for various construction projects and phases in the Polo Ridge public improvement district
- Over \$7.6 million in infrastructure and improvements for the projects in the Ironhorse public improvement district
- Over \$30.9 million in infrastructure and improvements for various construction projects and phases in the Solterra public improvement district and additions
- The water and sewer system expended \$65.7 million in capital projects that were completed and placed into service.

Additional information on the City’s capital, lease, and subscription assets can be found in *Note 6* of the Notes to the Financial Statements.

Debt Administration

At year-end, the City had \$582.2 million in net bonded debt outstanding. Of this total amount, \$305.8 million, 52.5%, is comprised of bonded debt backed by the full faith and credit of the City; \$78.2 million, 13.4%, is comprised of special assessment bonds which are to be paid from special assessments on each property owner in the Heartland Town Center PID, Iron Horse PID, Polo Ridge PID, Solterra PID and is secured by special assessments; \$215.5 million, 37.0%, represents revenue bonds secured by specified revenue sources related to the revenue bond projects; \$911.7 thousand represents lease obligations; and \$871.1 thousand represents subscription obligations.

City of Mesquite’s Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
General obligation bonds	\$ 112,185,000	\$ 107,785,000	\$ -	\$ -	\$ 112,185,000	\$ 107,785,000
Certificates of obligation	174,465,000	151,520,000	-	-	174,465,000	151,520,000
Special assessment bonds	78,231,000	79,254,000	-	-	78,231,000	79,254,000
Revenue bonds	-	-	184,060,000	176,810,000	184,060,000	176,810,000
Premiums on bonds	19,186,643	16,914,132	12,246,142	12,350,310	31,432,785	29,264,442
Lease obligations	285,886	230,854	625,770	836,453	911,656	1,067,307
Subscription obligations	871,094	1,235,886	-	-	871,094	1,235,886
Totals	\$ 385,224,623	\$ 356,939,872	\$ 196,931,912	\$ 189,996,763	\$ 582,156,535	\$ 546,936,635

City of Mesquite, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

During the fiscal year, the City had three debt issuances in 2024. The first debt issue was for \$34.1 million of certificates of obligation for acquisitions and installation of City information technology infrastructure and equipment; designing, engineering, developing, constructing, improving and repairing, extending streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right-of-way therefor; designing, developing, constructing, improving and renovating existing City buildings and facilities, including City Hall, service center facilities, police facilities, public safety training facilities, solid waste service facilities, arts facilities, field service facilities, and fire stations; acquisition of equipment and vehicles for various City services and departments, including police, neighborhood services, public works, fire, solid waste services and City airport services and professional services incurred in connection with above items. The second debt issue was for \$15.5 million of general obligation bonds for constructing, improving, extending, expanding, upgrading and developing two-land residential streets, including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, drainage, the purchase of any necessary right-of-way, and other related costs. The third debt issue was for \$17.8 million of revenue bonds for water and sewer improvements.

Standard and Poor's Rating Services assigned its 'AA' long-term rating to the City's series 2024 combination tax and limited surplus revenue certificates of obligation and general obligation bonds. Standard and Poor's Rating Services assigned its 'AA' rating and stable outlook to the City's series 2024 waterworks and sewer system revenue bonds. Standard and Poor's affirmed its 'AA' rating on the City's existing system revenue debt. The City's special assessment bonds were not rated by Standard and Poor's Rating Services. Moody's Investor Services, Inc. assigned its 'Aa2' long-term rating to the City's series 2024 combination tax and limited surplus revenue certificates of obligation and general obligation bonds. Moody's assigned its 'Aa2' rating to the City's series 2024 waterworks and sewer system revenue bonds. Moody's affirmed its 'Aa2' rating on the City's existing system revenue debt. The City's special assessment bonds were not rated by Moody's Investor Services, Inc.

Additional information on the City's long-term bonded debt can be found in *Note 10* of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

As with many other cities, Mesquite's main challenges for fiscal year 2024-25 are limited property tax revenue, availability of workforce and competitive pay plans, aging infrastructure, and preparing for the growth of the community.

The City of Mesquite continued utilizing the hybrid form of the budgeting process known as Budgeting for Outcomes methodology for the 2024-25 Budget to guide the organization and address the needs of the community. In preparing the budget, the city followed the performance management model of success to better address the needs of the community with greater citizen participation and community engagement.

The 2024-25 budget includes a 3.00% merit increase for all general government employees on their anniversary date and sworn public safety employees with more than five years of service effective January 1, 2025. In addition, sworn public safety employees with less than six years of service will receive 5.00% step increases. The 2024-25 budget also includes \$500,000 for salary market adjustments for low wage-earning positions, an increase in the required City contribution rate to the Texas Municipal Retirement System (TMRS), from 19.01% to 20.94% of payroll, and 50% non-repeating (ad hoc) cost of living adjustments (COLAs) for retirees. The budget includes an increase of four police officer positions for a total 263 authorized sworn police positions, and an increase of four firefighters for a total of 248 authorized firefighter positions. Other changes in authorized staffing include the addition of a Telecommunications Administrator and Assistant Manager of Purchasing positions.

City of Mesquite, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2024

Other expenditures include cost allocation increases and increases in workers' compensation rates, an information system security contract, Flock security cameras, and additional funding for the Community Care Team and street and alley maintenance.

General Fund expenditures and transfers out are budgeted at a 6.2% increase over the 2023-24 final budget. The 2024-25 budget includes a 3.00% merit increase for all general government employees on their anniversary date and 5.00% merit increase for all sworn public safety position on January 1, 2025 along with competitive pay and incentive programs for retention and recruitment efforts. In addition, sworn public safety employees are budgeted to receive 5.00% step increases for firefighters and police officers with less than six years of service, and the addition of a seventh step for public safety positions. The 2024-25 budget also includes increases for contributions to Texas Municipal Retirement System (TMRS), Group Medical Insurance Fund and worker's compensation and general liability expenses. The budget includes full-time positions for growth and expansion including four police officers and fourteen additional firefighters for Mesquite Trinity Pointe Public Safety Facility. Expenditures also include additional funding for continuation of transit services, community care team services, roadway, park, and public safety projects, inflationary increases, special events, and economic development studies.

The General Fund Reserve Policy, as approved in January 2019, requires maintaining a minimum unassigned fund balance equivalent to 60 days of working capital to be calculated as 60 days of General Fund budget revenues. Total fund balance for the General Fund is projected to increase slightly, \$829 thousand, in fiscal year 2024-25. The projected ending fund balance is approximately 69 days of working capital for the unassigned fund balance based on total revenues.

The Water and Sewer Fund budget includes 5.00% water and sewer rate increase for fiscal year 2024-25 to offset the increases imposed by North Texas Municipal Water District (NTMWD) for purchased water and wastewater treatment costs.

Contacting the City's Financial Management

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Accounting Manager, at P. O. Box 850137, Mesquite, Texas 75185-0137, call (972) 216-6263 or e-mail at jsterling@cityofmesquite.com.

City of Mesquite, Texas
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Pooled cash and investments	\$ 63,724,891	\$ 87,559,723	\$ 151,284,614
Receivables (net of allowance for uncollectibles)	26,050,554	25,345,183	51,395,737
Internal balances	1,499,091	(1,499,091)	-
Inventory	1,301,059	914,663	2,215,722
Prepays and other assets	1,309,846	40,098	1,349,944
Accrued interest	266,270	154,315	420,585
Restricted pooled cash and investments	170,257,215	82,846,574	253,103,789
Capital, lease and subscription assets:			
Land and construction in progress	146,772,779	42,833,007	189,605,786
Other capital, lease, and subscription assets (net of accumulated depreciation/amortization)	381,473,450	344,258,786	725,732,236
Total assets	<u>792,655,155</u>	<u>582,453,258</u>	<u>1,375,108,413</u>
Deferred Outflows of Resources			
Deferred loss on refunding	760,586	323,968	1,084,554
Deferred pension contributions	14,564,658	2,080,667	16,645,325
Difference in projected and actual earnings on pension assets	12,169,895	1,738,556	13,908,451
Difference in expected and actual pension experience	8,095,297	1,156,471	9,251,768
Difference in assumption changes - OPEB	88,483	12,641	101,124
Change in proportion - pension	-	4,574,227	4,574,227
Change in proportion - OPEB	-	1,389,082	1,389,082
Total deferred outflows of resources	<u>35,678,919</u>	<u>11,275,612</u>	<u>46,954,531</u>
Total assets and deferred outflows of resources	<u>\$ 828,334,074</u>	<u>\$ 593,728,870</u>	<u>\$ 1,422,062,944</u>

City of Mesquite, Texas
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 26,620,920	\$ 6,084,661	\$ 32,705,581
Accrued interest payable	1,825,049	619,976	2,445,025
Retainage payable	3,289,830	1,283,204	4,573,034
Deposits and other liabilities	930,558	5,737,360	6,667,918
Unearned revenue	19,399,698	-	19,399,698
Long-term liabilities:			
Due within one year:			
Bonds payable	24,316,000	11,010,000	35,326,000
Lease liability	97,597	216,550	314,147
Subscription liability	217,598	-	217,598
Total other postemployment benefit (OPEB) liability	1,043,462	149,067	1,192,529
Accrued compensated absences	9,022,314	639,773	9,662,087
Estimated claims payable	1,510,167	-	1,510,167
Due in more than one year:			
Bonds payable	359,751,643	185,296,142	545,047,785
Lease liability	188,289	409,220	597,509
Subscription liability	653,496	-	653,496
Total other postemployment benefit (OPEB) liability	26,616,011	3,802,286	30,418,297
Net pension liability	130,916,407	18,702,345	149,618,752
Accrued compensated absences	14,071,585	1,383,609	15,455,194
Estimated claims payable	1,903,260	-	1,903,260
Total liabilities	<u>622,373,884</u>	<u>235,334,193</u>	<u>857,708,077</u>
Deferred Inflows of Resources			
Difference in expected and actual pension experience	246,455	35,207	281,662
Difference in expected and actual OPEB experience	307,056	43,866	350,922
Difference in assumption changes - pension	2,634,706	376,385	3,011,091
Difference in assumption changes - OPEB	571,176	81,597	652,773
Change in proportion - pension	4,574,227	-	4,574,227
Change in proportion - OPEB	1,389,082	-	1,389,082
Lease related	1,161,235	-	1,161,235
Total deferred inflows of resources	<u>10,883,937</u>	<u>537,055</u>	<u>11,420,992</u>
Net Position			
Net investment in capital assets	220,862,342	247,076,318	467,938,660
Restricted for:			
Capital projects	19,653,767	-	19,653,767
Local finance projects	25,329,544	-	25,329,544
Housing and community services	3,787,178	-	3,787,178
Other grants and special revenue	13,222,291	-	13,222,291
Debt service	5,846,508	15,587,559	21,434,067
Unrestricted	<u>(93,625,377)</u>	<u>95,193,745</u>	<u>1,568,368</u>
Total net position	<u>195,076,253</u>	<u>357,857,622</u>	<u>552,933,875</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 828,334,074</u>	<u>\$ 593,728,870</u>	<u>\$ 1,422,062,944</u>

City of Mesquite, Texas
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 32,119,907	\$ 5,528,498	\$ 6,123,739	\$ -
Fire services	42,267,381	3,364,365	1,795,608	-
Police services	55,440,410	2,375,665	1,741,224	-
Public works	17,591,553	11,601,284	6,066,419	11,012,042
Planning and community development	9,208,947	3,429,898	223,952	-
Interest expense	13,971,699	-	-	-
Housing and community development	28,206,183	770,900	24,030,334	-
Library services	3,045,057	36,895	8,221	-
Parks and recreation	14,284,547	3,059,368	240,185	-
Total governmental activities	<u>216,135,684</u>	<u>30,166,873</u>	<u>40,229,682</u>	<u>11,012,042</u>
Business-type activities:				
Water and sewer	76,697,527	97,995,850	355,479	15,503,137
Drainage utility district	3,611,593	5,470,826	-	10,916,145
Municipal airport	3,088,879	3,041,353	100,000	-
Municipal golf	1,766,648	1,573,879	-	-
Solid Waste and Equipment Services	20,472,779	22,077,093	-	-
Total business-type activities	<u>105,637,426</u>	<u>130,159,001</u>	<u>455,479</u>	<u>26,419,282</u>
Total primary government	<u>\$ 321,773,110</u>	<u>\$ 160,325,874</u>	<u>\$ 40,685,161</u>	<u>\$ 37,431,324</u>

General revenues:

Ad valorem taxes
Gross receipts taxes
Sales taxes
Grants not restricted to specific programs
Gain on sale of capital assets
Investment income
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Change in Financial Reporting Entity (Note 18)

Net position, beginning of year, as restated

Net position, end of year

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (20,467,670)	\$ -	\$ (20,467,670)
(37,107,408)	-	(37,107,408)
(51,323,521)	-	(51,323,521)
11,088,192	-	11,088,192
(5,555,097)	-	(5,555,097)
(13,971,699)	-	(13,971,699)
(3,404,949)	-	(3,404,949)
(2,999,941)	-	(2,999,941)
(10,984,994)	-	(10,984,994)
<u>(134,727,087)</u>	<u>-</u>	<u>(134,727,087)</u>
-	37,156,939	37,156,939
-	12,775,378	12,775,378
-	52,474	52,474
-	(192,769)	(192,769)
-	1,604,314	1,604,314
<u>-</u>	<u>51,396,336</u>	<u>51,396,336</u>
<u>\$ (134,727,087)</u>	<u>\$ 51,396,336</u>	<u>\$ (83,330,751)</u>
89,842,408	-	89,842,408
6,630,522	-	6,630,522
63,386,760	-	63,386,760
3,329,018	-	3,329,018
201,664	70,923	272,587
12,356,291	8,377,185	20,733,476
2,296,982	767,928	3,064,910
7,468,154	(7,468,154)	-
<u>185,511,799</u>	<u>1,747,882</u>	<u>187,259,681</u>
50,784,712	53,144,218	103,928,930
151,305,205	297,699,740	449,004,945
(7,013,664)	7,013,664	-
<u>144,291,541</u>	<u>304,713,404</u>	<u>449,004,945</u>
<u>\$ 195,076,253</u>	<u>\$ 357,857,622</u>	<u>\$ 552,933,875</u>

City of Mesquite, Texas
Balance Sheet
Governmental Funds
September 30, 2024

	General	Local Finance	Bond Finance	Debt Service
Assets				
Pooled cash and investments	\$ 32,432,258	\$ 53,227,202	\$ 86,384,581	\$ 5,839,128
Receivables (net of allowance):				
Accounts receivable	3,143,804	37,768	-	-
Ad valorem taxes	4,190,303	-	-	-
Other taxes receivable	1,605,972	-	-	-
Leases	962,686	278,849	-	-
Interest receivable - leases	64,032	734	-	-
Note receivable	804,560	792,904	-	-
Intergovernmental	7,678,200	-	-	-
Due from other funds	147,712	795,000	-	-
Inventory	1,301,059	-	-	-
Prepays and other assets	1,008,566	-	-	-
Accrued interest	35,711	43,151	52,941	7,380
	<u>\$ 53,374,863</u>	<u>\$ 55,175,608</u>	<u>\$ 86,437,522</u>	<u>\$ 5,846,508</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ 7,648,576	\$ 7,039,498	\$ 9,050,157	\$ -
Retainage payable	-	9,781	2,740,092	-
Deposits	652,127	278,431	-	-
Unearned revenue	-	-	-	-
Due to other governments	5,001	-	-	-
	<u>8,305,704</u>	<u>7,327,710</u>	<u>11,790,249</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	5,661,523	21,000	-	-
Leases	892,947	268,288	-	-
	<u>6,554,470</u>	<u>289,288</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	3,114,185	792,904	-	-
Restricted	-	30,025,187	74,647,273	5,846,508
Assigned	212,092	16,740,519	-	-
Unassigned	35,188,412	-	-	-
	<u>38,514,689</u>	<u>47,558,610</u>	<u>74,647,273</u>	<u>5,846,508</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 53,374,863</u>	<u>\$ 55,175,608</u>	<u>\$ 86,437,522</u>	<u>\$ 5,846,508</u>

Other Grants	Total Nonmajor Funds	Total Governmental Funds
\$ 17,052,830	\$ 32,688,064	\$ 227,624,063
-	241,570	3,423,142
-	-	4,190,303
-	26,915	1,632,887
-	-	1,241,535
-	-	64,766
-	-	1,597,464
3,227,862	2,550,564	13,456,626
-	-	942,712
-	-	1,301,059
-	58,280	1,066,846
23,861	29,786	192,830
<u>\$ 20,304,553</u>	<u>\$ 35,595,179</u>	<u>\$ 256,734,233</u>

\$ 2,004,583	\$ 580,533	\$ 26,323,347
475,524	64,433	3,289,830
-	-	930,558
19,399,698	-	19,399,698
-	-	5,001
<u>21,879,805</u>	<u>644,966</u>	<u>49,948,434</u>
2,629,599	174,345	8,486,467
-	-	1,161,235
<u>2,629,599</u>	<u>174,345</u>	<u>9,647,702</u>
-	58,280	3,965,369
-	33,801,012	144,319,980
-	916,576	17,869,187
(4,204,851)	-	30,983,561
<u>(4,204,851)</u>	<u>34,775,868</u>	<u>197,138,097</u>
<u>\$ 20,304,553</u>	<u>\$ 35,595,179</u>	<u>\$ 256,734,233</u>

City of Mesquite, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2024

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

Total fund balance per balance sheet	\$ 197,138,097
Capital, lease, and subscription assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	528,246,229
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	8,486,467
Internal service funds are used by management to charge the costs of health claims and general liability to individual funds. A significant portion of the internal service fund's net position is included in the governmental activities in the statement of net position.	3,968,694
Accrued interest payable on long-term debt does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.	(1,825,049)
Long-term liabilities, including bonds payable and related premiums, leases, subscriptions, net pension and total OPEB liabilities (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:	
General obligation bonds payable	\$(112,185,000)
Certificates of obligation bonds payable	(174,465,000)
Special Assessment Bonds	(78,231,000)
Deferred amount on refunding	760,586
Unamortized premiums on bonds	(19,186,643)
Leases	(285,886)
Subscriptions	(871,094)
Total other postemployment benefit (OPEB) liability	(27,659,473)
Net pension liability	(130,916,407)
Deferred outflows of resources – pension	34,829,850
Deferred outflows of resources – OPEB	88,483
Deferred inflows of resources – pension	(7,455,388)
Deferred inflows of resources – OPEB	(2,267,314)
Accrued compensated absences	(23,093,899)
	<u>(540,938,185)</u>
Net position of governmental activities	<u>\$ 195,076,253</u>

City of Mesquite, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2024

	General	Local Finance	Bond Finance	Debt Service
Revenues				
Taxes:				
Ad valorem	\$ 83,819,282	\$ 5,970,235	\$ -	\$ -
Gross receipts	6,630,522	-	-	-
Sales tax	46,014,900	-	-	-
Licenses and permits	4,389,377	1,137,000	-	-
Fines and forfeitures	3,529,985	-	-	-
Investment income	2,398,089	2,736,741	3,361,401	560,282
Charges for services	7,266,188	9,368,665	-	-
Special assessments	-	6,086,606	-	-
Intergovernmental	-	-	-	-
Contributions and donations	84,990	15,218	-	-
Other revenues	348,368	1,428,713	-	-
Total revenues	<u>154,481,701</u>	<u>26,743,178</u>	<u>3,361,401</u>	<u>560,282</u>
Expenditures				
Current:				
General government	15,256,889	5,549,632	2,265,130	-
Fire services	41,541,198	6,391	7,004	-
Police services	52,695,901	29,231	13,047	-
Public works	5,782,789	22,819	865,126	-
Planning and community development	3,856,315	4,784,138	-	-
Library services	2,939,733	17,580	-	-
Parks and recreation	5,796,110	17,460	-	-
Housing and community services	4,976,259	-	-	-
Capital outlay	785,050	6,966,688	67,746,061	-
Debt service:				
Principal	437,181	1,023,000	-	22,190,000
Interest and fiscal charges	18,262	4,553,824	-	10,614,185
Bond issuance costs	-	-	566,429	20,212
Total expenditures	<u>134,085,687</u>	<u>22,970,763</u>	<u>71,462,797</u>	<u>32,824,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,396,014</u>	<u>3,772,415</u>	<u>(68,101,396)</u>	<u>(32,264,115)</u>
Other Financing Sources (Uses)				
Transfers in	8,337,773	50,000	486,249	34,456,908
Transfers out	(26,163,900)	(5,086,925)	(1,185,060)	-
Leases issued	202,292	-	-	-
Issuance of debt	-	-	49,535,000	-
Premium on bonds issued	-	-	4,524,429	-
Proceeds from sale of general capital assets	464,385	-	-	-
Total other financing sources (uses)	<u>(17,159,450)</u>	<u>(5,036,925)</u>	<u>53,360,618</u>	<u>34,456,908</u>
Net Change in Fund Balances	3,236,564	(1,264,510)	(14,740,778)	2,192,793
Fund Balances, Beginning of Year	<u>35,278,125</u>	<u>48,823,120</u>	<u>89,388,051</u>	<u>3,653,715</u>
Fund Balances (Deficit), End of Year	<u>\$ 38,514,689</u>	<u>\$ 47,558,610</u>	<u>\$ 74,647,273</u>	<u>\$ 5,846,508</u>

<u>Other Grants</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 89,789,517
-	-	6,630,522
-	17,371,860	63,386,760
-	771,880	6,298,257
-	2,351,573	5,881,558
1,381,374	1,565,533	12,003,420
-	1,201,028	17,835,881
-	366,866	6,453,472
11,653,199	23,473,157	35,126,356
-	-	100,208
13,059	506,843	2,296,983
<u>13,047,632</u>	<u>47,608,740</u>	<u>245,802,934</u>
847,705	2,204,759	26,124,115
107,521	11,643	41,673,757
516,223	1,197,534	54,451,936
2,666,582	300,012	9,637,328
224,400	440,306	9,305,159
1,500	5,216	2,964,029
65,121	6,514,284	12,392,975
1,305,557	22,061,137	28,342,953
11,673,969	5,700,864	92,872,632
22,448	52,423	23,725,052
35	884	15,187,190
-	-	586,641
<u>17,431,061</u>	<u>38,489,062</u>	<u>317,263,767</u>
<u>(4,383,429)</u>	<u>9,119,678</u>	<u>(71,460,833)</u>
-	-	43,330,930
(597,391)	(2,829,500)	(35,862,776)
-	-	202,292
-	-	49,535,000
-	-	4,524,429
-	-	464,385
<u>(597,391)</u>	<u>(2,829,500)</u>	<u>62,194,260</u>
(4,980,820)	6,290,178	(9,266,573)
<u>775,969</u>	<u>28,485,690</u>	<u>206,404,670</u>
<u>\$ (4,204,851)</u>	<u>\$ 34,775,868</u>	<u>\$ 197,138,097</u>

MESQUITE

T E X A S

Real. Texas. Flavor.

City of Mesquite, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2024

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

Net change in fund balance - total governmental funds	\$	(9,266,573)
<p>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/amortization expense. This is the amount by which capital outlay exceeds depreciation/amortization in the current period.</p>		
Capital outlay expenditures	\$	92,872,632
Depreciation and amortization expense		<u>(17,826,846)</u>
		75,045,786
<p>The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations, and transfers to business-type activities) is to decrease net position.</p>		
		(1,128,167)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment is to recognize contributions of capital assets by developers.</p>		
		11,012,042
<p>Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.</p>		
		1,752,168
<p>The issuance of long-term debt (e.g. bond proceeds, leases, subscriptions, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Leases issued	\$	(202,292)
Principal amount of debt issued		(49,535,000)
Amortization of bond premium		2,251,918
Principal amount of debt paid to bondholders and lessors		23,725,054
Net change in accrued interest payable		(197,339)
Premium on bonds issued		(4,524,429)
Amortization of deferred offering charges		<u>(252,449)</u>
		(28,734,537)
<p>Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances require the use of current financial resources but are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.</p>		
		(2,356,578)
<p>Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.</p>		
		2,158,239
<p>Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.</p>		
		1,822,227
<p>Internal service funds are used by management to charge the costs of health claims and general liability to individual funds. The net revenues of certain activities of internal service funds is reported within governmental activities.</p>		
		<u>480,105</u>
Change in net position of governmental activities	\$	<u><u>50,784,712</u></u>

City of Mesquite, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual - General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Adjustments -	Actual-	Variance with Final Budget
	Original	Final		Budgetary Basis	Budgetary Basis	
Revenues						
Taxes-						
Ad valorem	\$ 83,467,770	\$ 83,467,770	\$ 83,819,282	\$ -	\$ 83,819,282	\$ 351,512
Gross receipts	7,023,930	6,463,930	6,630,522	-	6,630,522	166,592
Sales	45,845,920	46,912,090	46,014,900	-	46,014,900	(897,190)
Licenses and permits	3,756,470	4,256,070	4,389,377	-	4,389,377	133,307
Fines and forfeitures	3,088,800	3,088,800	3,529,985	-	3,529,985	441,185
Investment income	1,834,800	2,519,800	2,398,089	-	2,398,089	(121,711)
Charges for services	29,361,650	8,086,150	7,266,188	-	7,266,188	(819,962)
Contributions and donations	98,000	98,000	84,990	-	84,990	(13,010)
Other revenues	877,600	782,100	348,368	-	348,368	(433,732)
Enterprise funds PILOT/franchise fee	6,222,790	7,455,420	-	7,455,420	7,455,420	-
Total Revenues	181,577,730	163,130,130	154,481,701	7,455,420	161,937,121	(1,193,009)
Expenditures						
General government	21,501,080	20,286,982	15,256,889	3,078,617	18,335,506	1,951,476
Fire services	42,412,470	42,467,897	41,541,198	-	41,541,198	926,699
Police services	49,494,860	52,497,053	52,695,901	-	52,695,901	(198,848)
Public works	23,676,710	7,649,006	5,782,789	-	5,782,789	1,866,217
Planning and community development	3,978,740	3,948,645	3,856,315	-	3,856,315	92,330
Library services	3,102,870	3,057,140	2,939,733	-	2,939,733	117,407
Parks and recreation	6,677,570	6,443,490	5,796,110	-	5,796,110	647,380
Housing and community services	5,990,460	2,471,798	4,976,259	-	4,976,259	(2,504,461)
Capital outlay	-	-	785,050	-	785,050	(785,050)
Debt service	-	-	-	-	-	-
Principal	-	-	437,181	-	437,181	(437,181)
Interest and fiscal charges	-	-	18,262	-	18,262	(18,262)
Cost allocation reimbursements	(2,409,930)	(3,625,390)	-	(3,078,617)	(3,078,617)	(546,773)
Total Expenditures	154,424,830	135,196,621	134,085,687	-	134,085,687	1,110,934
Excess of Revenues Over Expenditures	27,152,900	27,933,509	20,396,014	7,455,420	27,851,434	(82,075)
Other Financing Sources (uses)						
Transfers in	1,534,000	1,609,000	8,337,773	(7,455,420)	882,353	(726,647)
Transfers out	(28,686,900)	(26,463,900)	(26,163,900)	-	(26,163,900)	(300,000)
Leases issued	-	-	202,292	-	202,292	202,292
Proceeds from sale of general capital assets	-	-	464,385	-	464,385	464,385
Total Other Financing Sources (Uses)	(27,152,900)	(24,854,900)	(17,159,450)	(7,455,420)	(24,614,870)	(359,970)
Net Change in Fund Balance	\$ -	\$ 3,078,609	3,236,564	\$ -	\$ 3,236,564	\$ (442,045)
Fund Balance, Beginning of Year			<u>35,278,125</u>			
Fund Balance, End of Year			<u>\$ 38,514,689</u>			

City of Mesquite, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage Utility District	Solid Waste and Equipment Services
Assets			
Current assets			
Pooled cash and investments	\$ 83,812,882	\$ 2,577,294	\$ -
Restricted pooled cash and investments	61,849,344	9,801,834	-
Receivables (net of allowance for uncollectibles)	18,820,067	875,742	3,034,636
Inventory	855,412	-	-
Prepays and other assets	40,098	-	-
Accrued interest	137,027	13,575	2,212
Total current assets	<u>165,514,830</u>	<u>13,268,445</u>	<u>3,036,848</u>
Noncurrent assets			
Notes receivable	-	2,542,951	-
Revenue bond reserve:			
Restricted pooled cash and investments	10,158,652	1,036,744	-
Capital and lease assets:			
Land and construction in progress	26,924,699	6,437,563	-
Other capital assets (net of accumulated depreciation/amortization)	<u>261,870,013</u>	<u>64,073,792</u>	<u>6,936,081</u>
Total noncurrent assets	<u>298,953,364</u>	<u>74,091,050</u>	<u>6,936,081</u>
Total assets	<u>464,468,194</u>	<u>87,359,495</u>	<u>9,972,929</u>
Deferred Outflows of Resources			
Deferred charges on refunding	323,968	-	-
Deferred pension contributions	998,720	83,227	832,266
Difference in projected and actual earnings on pension assets	834,507	69,542	695,423
Difference in expected and actual pension experience	555,106	46,259	462,588
Difference in assumption changes - OPEB	6,067	506	5,056
Change in proportion - pension	-	-	4,574,227
Change in proportion - OPEB	-	-	1,389,082
Total deferred outflows of resources	<u>2,718,368</u>	<u>199,534</u>	<u>7,958,642</u>

Business-type Activities - Enterprise Funds		Governmental Activities -
Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,169,547	\$ 87,559,723	\$ 6,358,043
-	71,651,178	-
71,787	22,802,232	508,597
59,251	914,663	-
-	40,098	243,000
1,501	154,315	8,674
<u>1,302,086</u>	<u>183,122,209</u>	<u>7,118,314</u>
-	2,542,951	-
-	11,195,396	-
9,470,745	42,833,007	-
<u>11,378,900</u>	<u>344,258,786</u>	<u>-</u>
<u>20,849,645</u>	<u>400,830,140</u>	<u>-</u>
<u>22,151,731</u>	<u>583,952,349</u>	<u>7,118,314</u>
-	323,968	-
166,454	2,080,667	-
139,084	1,738,556	-
92,518	1,156,471	-
1,012	12,641	-
-	4,574,227	-
-	1,389,082	-
<u>399,068</u>	<u>11,275,612</u>	<u>-</u>

City of Mesquite, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage Utility District	Solid Waste and Equipment Services
Liabilities			
Current liabilities			
Accounts payable	\$ 2,066,646	\$ 45,756	\$ 510,434
Estimated claims payable	-	-	-
Due to other funds	-	-	147,712
Deposits and other liabilities	5,669,546	1,056	-
Accrued compensated absences	246,779	-	392,994
Lease liability	55,315	-	-
Total other postemployment benefit liability	71,552	5,963	59,626
Current liabilities payable from restricted assets:			
Accounts payable	2,372,597	714,660	-
Retainage payable	1,088,461	150,070	-
Accrued interest payable	587,936	31,748	-
Bonds payable	10,555,000	455,000	-
Total current liabilities	22,713,832	1,404,253	1,110,766
Noncurrent liabilities			
Estimated claims payable	-	-	-
Bonds payable	175,204,166	10,091,976	-
Lease liability	115,429	-	-
Accrued compensated absences	565,567	97,461	501,775
Net pension liability	8,977,125	748,094	7,480,938
Total other postemployment benefit liability	1,825,098	152,091	1,520,915
Total noncurrent liabilities	186,687,385	11,089,622	9,503,628
Total liabilities	209,401,217	12,493,875	10,614,394
Deferred Inflows of Resources			
Difference in expected and actual experience - pension	16,900	1,408	14,083
Difference in expected and actual experience - OPEB	21,055	1,755	17,546
Difference in assumptions - pension	180,665	15,055	150,555
Difference in assumptions - OPEB	39,166	3,264	32,639
Total deferred inflows of resources	257,786	21,482	214,823
Net Position			
Net investment in capital assets	151,225,694	68,564,597	6,936,081
Restricted for debt service	14,253,177	1,334,382	-
Unrestricted	92,048,688	5,144,693	166,273
Total net position	\$ 257,527,559	\$ 75,043,672	\$ 7,102,354

Reconciliation to Government-Wide Statement of Net Position:
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds

Total Net Position for Business Type Activities

Business-type Activities - Enterprise Funds		Governmental Activities -
Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
\$ 374,568	\$ 2,997,404	\$ 292,572
-	-	1,903,260
795,000	942,712	-
66,758	5,737,360	-
-	639,773	-
161,235	216,550	-
11,926	149,067	-
-	3,087,257	-
44,673	1,283,204	-
292	619,976	-
-	11,010,000	-
<u>1,454,452</u>	<u>26,683,303</u>	<u>2,195,832</u>
-	-	1,510,167
-	185,296,142	-
293,791	409,220	-
218,806	1,383,609	-
1,496,188	18,702,345	-
304,182	3,802,286	-
<u>2,312,967</u>	<u>209,593,602</u>	<u>1,510,167</u>
<u>3,767,419</u>	<u>236,276,905</u>	<u>3,705,999</u>
2,816	35,207	-
3,510	43,866	-
30,110	376,385	-
6,528	81,597	-
<u>42,964</u>	<u>537,055</u>	<u>-</u>
20,349,946	247,076,318	-
-	15,587,559	-
<u>(1,609,530)</u>	<u>95,750,124</u>	<u>3,412,315</u>
<u>\$ 18,740,416</u>	<u>358,414,001</u>	<u>\$ 3,412,315</u>
	(556,379)	
	<u>\$ 357,857,622</u>	

City of Mesquite, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Drainage Utility District	Solid Waste and Equipment Services
Operating Revenues			
Customer charges	\$ 98,306,316	\$ 5,409,076	\$ 22,024,355
Medical insurance	-	-	-
Life and dental insurance	-	-	-
General liability	-	-	-
Workers' compensation	-	-	-
Employees - medical insurance	-	-	-
Stop loss and other contributions	-	-	-
Other revenues	-	-	767,928
Total operating revenues	<u>98,306,316</u>	<u>5,409,076</u>	<u>22,792,283</u>
Operating Expenses			
Personnel services	11,739,843	1,235,164	11,900,403
Supplies	767,104	15,013	354,672
Contractual services	50,367,919	207,133	6,508,072
Depreciation and amortization	7,970,288	1,800,847	1,709,632
Claims incurred	-	-	-
Insurance premiums	-	-	-
Administrative fees	-	-	-
Other expenses	-	-	-
Total operating expenses	<u>70,845,154</u>	<u>3,258,157</u>	<u>20,472,779</u>
Operating Income (Loss)	<u>27,461,162</u>	<u>2,150,919</u>	<u>2,319,504</u>
Nonoperating Revenues (Expenses)			
Investment income	7,449,964	716,346	39,869
Bond issuance costs	(294,140)	(14,500)	-
Gain or loss on sale of capital assets	63,430	-	-
Other nonoperating income	-	61,750	-
Interest expense and fiscal charges	(5,558,233)	(338,936)	-
Total nonoperating revenues (expenses)	<u>1,661,021</u>	<u>424,660</u>	<u>39,869</u>
Income (Loss) Before Contributions and Transfers	29,122,183	2,575,579	2,359,373
Capital contributions	15,503,137	10,916,145	-
Transfers in	1,380,000	588,092	1,185,060
Transfers out	(6,287,423)	(609,990)	(3,455,743)
Change in Net Position	39,717,897	13,469,826	88,690
Net Position, Beginning of Year, As Previously Reported	<u>217,809,662</u>	<u>61,573,846</u>	<u>-</u>
Change in Financial Reporting Entity (Note 18)	-	-	7,013,664
Net Position, Beginning of Year, As Restated	<u>217,809,662</u>	<u>61,573,846</u>	<u>7,013,664</u>
Net Position, End of Year	<u>\$ 257,527,559</u>	<u>\$ 75,043,672</u>	<u>\$ 7,102,354</u>

Reconciliation to Government-Wide Statement of Activities:
Adjustment to reflect the consolidation of internal service funds
activities related to enterprise funds

Change in Net Position of Business-type Activities

Business-type Activities - Enterprise Funds		Governmental Activities -
Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
\$ 4,615,232	\$ 130,354,979	\$ -
-	-	16,055,974
-	-	1,467,384
-	-	2,626,500
-	-	2,774,310
-	-	4,296,610
-	-	53,065
-	767,928	-
<u>4,615,232</u>	<u>131,122,907</u>	<u>27,273,843</u>
1,603,143	26,478,553	-
1,561,840	2,698,629	-
791,610	57,874,734	-
885,821	12,366,588	-
-	-	21,976,778
-	-	2,959,833
-	-	1,838,993
-	-	1,227,110
<u>4,842,414</u>	<u>99,418,504</u>	<u>28,002,714</u>
<u>(227,182)</u>	<u>31,704,403</u>	<u>(728,871)</u>
84,077	8,290,256	439,800
-	(308,640)	-
7,493	70,923	-
100,000	161,750	953,856
(13,113)	(5,910,282)	-
<u>178,457</u>	<u>2,304,007</u>	<u>1,393,656</u>
(48,725)	34,008,410	664,785
-	26,419,282	-
50,000	3,203,152	-
<u>(318,150)</u>	<u>(10,671,306)</u>	<u>-</u>
(316,875)	52,959,538	664,785
<u>19,057,291</u>		<u>2,747,530</u>
-		-
<u>19,057,291</u>		<u>2,747,530</u>
<u>\$ 18,740,416</u>		<u>\$ 3,412,315</u>
	184,680	
	<u>\$ 53,144,218</u>	

City of Mesquite, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds					Governmental
	Water and	Drainage	Solid Waste	Total	Total	Internal
	Sewer	Utility	and Equipment	Nonmajor	Enterprise	Service
	District	Services	Funds	Funds	Funds	
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 95,058,902	\$ 5,397,029	\$ 18,989,719	\$ 4,651,053	\$ 105,106,984	\$ -
Receipts from interfund charges for services	-	-	767,928	-	767,928	22,924,168
Receipts from employees and retirees	-	-	-	-	-	4,080,059
Other operating receipts	-	-	-	-	-	920,185
Payments to suppliers and service providers	(56,984,455)	(346,518)	(6,383,488)	(1,379,636)	(65,094,097)	(29,943,394)
Payments to employees for salaries and benefits	(10,258,656)	(1,129,444)	(8,293,624)	(1,594,895)	(21,276,619)	-
Payments to other funds for services provided	(1,567,327)	(145,830)	(1,215,460)	-	(2,928,617)	-
Net Cash Provided by (used for) Operating Activities	<u>26,248,464</u>	<u>3,775,237</u>	<u>3,865,075</u>	<u>1,676,522</u>	<u>31,700,223</u>	<u>(2,018,982)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers to other funds	(6,287,423)	(609,990)	(3,455,743)	(318,150)	(10,671,306)	-
Transfers from other funds	1,380,000	588,092	-	50,000	2,018,092	-
Payments from nonoperating grants	-	61,750	-	100,000	161,750	-
Net Cash Provided by (used for) Noncapital Financing Activities	<u>(4,907,423)</u>	<u>39,852</u>	<u>(3,455,743)</u>	<u>(168,150)</u>	<u>(8,491,464)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(22,436,392)	(2,809,196)	(446,989)	(1,533,010)	(26,778,598)	-
Proceeds from capital debt, including premium	19,154,155	-	-	-	19,154,155	-
Principal payments on capital debt and leases	(10,173,259)	(440,000)	-	(157,424)	(10,770,683)	-
Interest payments on capital debt and leases	(7,080,560)	(416,675)	-	(14,014)	(7,511,249)	-
Proceeds from sale of capital assets	63,430	-	-	7,493	70,923	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(20,472,626)</u>	<u>(3,665,871)</u>	<u>(446,989)</u>	<u>(1,696,955)</u>	<u>(25,835,452)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Investment gain on cash and cash equivalents	<u>7,457,354</u>	<u>796,441</u>	<u>37,657</u>	<u>85,407</u>	<u>8,339,202</u>	<u>439,915</u>
Net Cash Provided by Investing Activities	<u>7,457,354</u>	<u>796,441</u>	<u>37,657</u>	<u>85,407</u>	<u>8,339,202</u>	<u>439,915</u>
Net Increase (Decrease) in Pooled Cash and Cash Equivalents	8,325,769	945,659	-	(103,176)	5,712,509	(1,579,067)
Pooled Cash and Cash Equivalents at Beginning of Year	147,495,109	12,470,213	-	1,272,723	161,238,045	7,937,110
Pooled Cash and Cash Equivalents at End of Year	\$ 155,820,878	\$ 13,415,872	\$ -	\$ 1,169,547	\$ 166,950,554	\$ 6,358,043
Classified as:						
Current assets - non restricted	\$ 83,812,882	\$ 2,577,294	\$ -	\$ 1,169,547	\$ 87,559,723	\$ 6,358,043
Current assets - restricted	61,849,344	9,801,834	-	-	71,651,178	-
Noncurrent assets - restricted	10,158,652	1,036,744	-	-	11,195,396	-
Total Cash and Cash Equivalents	<u>\$ 155,820,878</u>	<u>\$ 13,415,872</u>	<u>\$ -</u>	<u>\$ 1,169,547</u>	<u>\$ 170,406,297</u>	<u>\$ 6,358,043</u>

City of Mesquite, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water and Sewer	Drainage Utility District	Solid Waste and Equipment Services	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income						
To Net Cash Provided by Operating Activities:						
Operating income	\$ 27,461,162	\$ 2,150,919	\$ 2,319,504	\$ (227,182)	\$ 29,384,899	\$ (728,871)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	7,970,288	1,800,847	1,709,632	885,821	10,656,956	-
Other income	-	-	-	-	-	953,856
Changes in operating assets and liabilities:						
Receivables, net	(3,323,227)	(12,048)	(3,034,636)	32,069	(3,303,206)	(303,287)
Inventories (supplies)	(416,013)	-	-	10,647	(405,366)	-
Prepaid expenses and other assets	(6,973)	-	-	-	(6,973)	124,706
Deferred outflows of resources - pension	1,156,373	96,364	(6,564,504)	192,728	1,445,465	-
Deferred outflows of resources - OPEB	12,419	1,034	(1,394,138)	2,068	15,521	-
Accounts payable and accrued liabilities	(5,380,512)	(126,867)	658,146	970,745	(4,536,634)	(2,499,708)
Customer deposits	75,813	-	-	3,752	79,565	-
Estimated unpaid claims	-	-	-	-	-	434,322
Unearned revenue	-	-	-	-	-	-
Deferred inflows of resources - pension	158,644	13,220	164,638	26,440	198,304	-
Deferred inflows of resources - OPEB	(174,063)	(14,504)	50,185	(29,008)	(217,575)	-
Compensated absences	40,649	(23,216)	894,769	29,463	46,896	-
Net pension liability	(1,363,092)	(113,593)	7,480,938	(227,183)	(1,703,868)	-
Total OPEB liability	36,996	3,081	1,580,541	6,162	46,239	-
Total Adjustments	<u>(1,212,698)</u>	<u>1,624,318</u>	<u>1,545,571</u>	<u>1,903,704</u>	<u>2,315,324</u>	<u>(1,290,111)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 26,248,464</u>	<u>\$ 3,775,237</u>	<u>\$ 3,865,075</u>	<u>\$ 1,676,522</u>	<u>\$ 31,700,223</u>	<u>\$ (2,018,982)</u>
Noncash Capital and Related Financing Activities:						
Contributions of capital assets	\$ 14,637,691	\$ 10,916,145	\$ 1,185,059	\$ -	\$ 25,553,836	\$ -
Contribution of capital assets from governmental activities	\$ 865,446	\$ -	\$ -	\$ -	\$ 865,446	\$ -
Purchase of machinery, equipment, and vehicles on account	\$ 3,461,058	\$ 864,730	\$ -	\$ 44,673	\$ 4,370,461	\$ -

City of Mesquite, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2024

	Private-Purpose Trust Fund	Custodial Funds
Assets		
Pooled cash and investments	\$ 947,071	\$ 1,199,750
Accounts receivable	-	11,250
Interest receivable	938	-
Taxes receivable levied for other governments (net of allowance for uncollectibles)	-	19,716
Total assets	<u>948,009</u>	<u>1,230,716</u>
Liabilities		
Accounts payable	\$ -	\$ 468,640
Total liabilities	<u>-</u>	<u>468,640</u>
Net Position		
Restricted for individuals, organizations, and other governments	<u>948,009</u>	<u>762,076</u>
Total net position	<u>\$ 948,009</u>	<u>\$ 762,076</u>

City of Mesquite, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended September 30, 2024

	Private-Purpose Trust Fund	Custodial Funds
Additions		
Investment income	\$ 50,525	\$ -
Property tax collections for other governments	-	136,619,452
Seizures	-	708,199
Miscellaneous revenues	4,229	-
	<u>54,754</u>	<u>137,327,651</u>
Total additions		
Deductions		
Payments of property tax to other governments	-	136,619,452
Seizures forfeited or returned to defendants	-	846,734
Miscellaneous expenditures	10,750	-
	<u>10,750</u>	<u>137,466,186</u>
Total deductions		
Net Increase (Decrease) in Net Position	44,004	(138,535)
Net Position Restricted for Individuals, Organization, and Other Governments, Beginning of Year	<u>904,005</u>	<u>900,611</u>
Net Position Restricted for Individuals, Organization, and Other Governments, End of Year	<u>\$ 948,009</u>	<u>\$ 762,076</u>

MESQUITE

T E X A S

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Note 1. Summary of Significant Accounting Policies

The City of Mesquite, Texas (City) was incorporated on December 3, 1887. It has been a home rule charter city since August 1953, pursuant to Article XI, Section 5 of the State Constitution. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public services, culture, recreation, and community development.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below:

Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. In accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 84, the blended component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The City has no discretely presented component units.

Mesquite Quality of Life Corporation

The Quality of Life Corporation (Corporation) 4B Sales Tax Special Revenue Fund is presented as a "blended" fund in the financial statements. The Corporation is administered by a seven-member City Council appointed board of directors which are removable by the City Council at any time without cause. No more than four of the seven directors may be City Council members or City of Mesquite employees. Presently, all members of the Board are residents who are neither City Council members nor City employees. The purpose of the Corporation is to study and fund permissible projects for public safety, transportation or parks and recreation purposes from a one-half of 1.00% general sales tax. The Corporation's activities are subject to Council approval and are for the exclusive benefit of the City. In this respect, the Corporation acts as a financing authority to obtain resources for the projects. When the project is completed, the capital assets are owned by the City not the Corporation. Unaudited financial statements for the Quality of Life Corporation are available upon request from the City.

Tax Increment Reinvestment Zones (TIRZ)

The City has eleven Tax Increment Reinvestment Zones which provide for public improvements within each zone. The City's Tax Increment Reinvestment program identifies under-performing real estate in the City, creates redevelopment plans, works with private developers to implement these plans, and reinvests a portion of property tax revenues generated from new real estate developments in the area to encourage the implementation of the development plan.

Separate financial statements for the individual zones are not prepared.

Rodeo City TIRZ No. 1 – created in 1997 to update essential public infrastructure and to advance economic development to attract businesses and jobs. The Board is comprised of six City Council members and one member of City staff. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Towne Centre TIRZ No. 2 – created in 1998 to maintain the long-term viability of the Town East Mall retail area and to accelerate the pace of new retail development along the IH-635 corridor. The Zone was expanded in December 2017 to include Downtown Mesquite and the Market East area to encourage further retail, office, and industrial development. In December 2019, the Mesquite Independent School District (MISD) participation in the zone ended. Prior to December 2019, the Board was comprised of four City Council members and three Mesquite Independent School District (MISD) Board members. Beginning January 2021, the Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Skyline TIRZ No. 7 – created in 2015 to provide public infrastructure for a proposed medical district development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Gus Thomasson TIRZ No. 8 – created in 2015 to transform the Zone into an engaging place for new businesses and new households and to promote reinvestment to existing properties. The Zone was expanded in December 2017 to include the IH-30 corridor to eliminate obstacles that impair sound growth of the City in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Town East/Skyline TIRZ No. 9 – created in 2016 to support industrial and economic development for industry job creation, cleanliness, and appeal to the industrial character of the Big Town Gateway of the City. The Zone was expanded in December 2017 to include the Big Town area in order to help build on the successful base of the Skyline Industrial park and allow for infrastructure financing to further develop the City's industrial base. The Board is comprised of three members of City Council, one member of City Staff and three members representative of the businesses within the Zone. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Polo Ridge TIRZ No. 10 – created in 2017 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of six City Council members and one member of City staff. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Heartland Town Center TIRZ No. 11 – created in 2017 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

IH-20 Business Park TIRZ No. 12 – created in 2018 to provide public infrastructure for a proposed business park in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Spradley Farms TIRZ No. 13 – created in 2020 to provide public infrastructure for a proposed residential development in the Zone. Prior to December 2020, the Board was comprised of seven City Council members. Beginning in December 2020, the Board is composed of seven City Council members and two Kaufman County representatives. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Alcott Logistics TIRZ No. 14 – created in 2021 to provide public infrastructure for a proposed industrial development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Solterra TIRZ No. 15 – created in 2021 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Public Improvement Districts (PIDs)

The City has four Public Improvement Districts. Mesquite's PID program allows for groups of property owners to request special property assessments for the provisions of services above typical City levels. Working with City staff, each PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. This may consist of eligible supplemental activities such as marketing the area, providing additional security, landscaping and lighting, street cleaning, and cultural or recreational improvements. Each PID is operated by a designated management organization.

Separate financial statements for the individual PIDs are not prepared.

Heartland Town Center PID – created in December 2017 to support a residential and retail development along the IH-20 corridor in Mesquite. The PID sold bonds in September 2018 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Polo Ridge PID – created in April 2018 to support a residential development along the IH-20 corridor in Mesquite. The PID sold bonds in July 2019 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Iron Horse PID – created in February 2019 to support residential development along Rodeo Drive in Mesquite. The PID sold bonds in June 2019 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Solterra PID – created in April 2021 to support residential development along Faithon P. Lucas, Sr. Boulevard in Mesquite. The PID is a blended component unit in the Local Finance Capital Project Fund.

Historic Mesquite, Inc.

Historic Mesquite, Inc. provides funding to maintain historical sites within the City. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budget of this entity. Management of the City has operational responsibility for the component unit. Historic Mesquite, Inc.'s activities are for the exclusive benefit of the City as Historic Mesquite's primary services relate to managing and maintaining two City owned historical properties. Providing services entirely, or almost entirely, to the primary government is one of the criteria for being presented as a blended component unit. Historic Mesquite, Inc. is reported as part of the Other Special Revenue fund and does not issue separate financial statements.

Mesquite Arts Council

Mesquite Arts Council provides funding for arts and culture to the Mesquite Art Center. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budget of this entity. Management of the City has operational responsibility for the component unit. Mesquite Arts Council's activities are for the exclusive benefit of the City as Mesquite Arts Council's primary services relate to managing one City owned facility, the City's Arts Center, as well as operating the City's Art Program. Providing services entirely, or almost entirely, to the primary government is one of the criteria for being presented as a blended component unit. Mesquite Arts Council is reported as part of the Other Special Revenue fund and does not issue separate financial statements.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Keep Mesquite Beautiful, Inc.

Keep Mesquite Beautiful, Inc. provides funding for local beautification projects within the City. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budget of this entity. Management of the City has operational responsibility for the component unit. Keep Mesquite Beautiful, Inc.'s activities are for the exclusive benefit of the City as Keep Mesquite Beautiful, Inc.'s primary services relate to facilitating City declared initiatives to help promote littering awareness, recycling and organizing volunteer events to help maintain cleanliness of City owned parks and infrastructure. Providing services entirely, or almost entirely, to the primary government is one of the criteria for being presented as a blended component unit. Keep Mesquite Beautiful, Inc. is reported as part of the Other Special Revenue fund and does not issue separate financial statements.

Mesquite Housing Finance Corporation, the Mesquite Health Facilities Development Corporation, and the Mesquite Industrial Development Corporation

Also included in the financial statements are the operating activities of the Mesquite Housing Finance Corporation, the Mesquite Health Facilities Development Corporation, and the Mesquite Industrial Development Corporation which provide services almost entirely to the primary government. These corporations have substantively the same governing body as the City. The issuance of conduit debt for the corporations is discussed in *Note 15*. The financial activity of the Mesquite Housing Finance Corporation is reported as part of the Other Special Revenue fund and does not issue separate financial statements. The Mesquite Health Facilities Development Corporation and Mesquite Industrial Development Corporation did not have any financial activity to report during the fiscal year.

Government-Wide Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the reporting entity. All fiduciary activities are reported only in the fund financial statements. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The effect of inter-fund activity has been removed from these statements. The inter-fund services provided and used are not eliminated in this process of consolidation. Governmental activities, which are partially supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Mesquite is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. This statement also demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All nonmajor funds are aggregated and presented in a single column. 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 of Mesquite, like other local governments, uses fund accounting to aid financial management and demonstrate legal compliance.

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.

The City maintains ten 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, Local Finance Capital Project, Bond Finance Capital Project funds, Debt Service, and Other Grants, all of which are major funds. Data from the other five funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison schedules follow these combining statements for those nonmajor funds that adopt annual budgets.

Proprietary funds are maintained for enterprise and internal service operations of the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Water and Sewer, Drainage Utility District, and Solid Waste and Equipment Services funds are considered to be major enterprise funds and the Municipal Airport and Golf Course funds are presented in a separate column as the nonmajor enterprise funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health claims and general liability operations. The activity in these funds is allocated between governmental type activities and business type activities based on proportionate use for presentation in the government wide statements. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of these funds are not reflected in the government-wide financial statements because they are not available to support the City's own programs. The City reports three fiduciary funds, including the Tax Collection, Seized Assets, and Cemetery Trust Funds. The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets, deferred outflow of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are reported on the statement of net position.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

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. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used 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 fiscal year end except investment income, which is recorded as earned. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases and subscription liabilities, are reported as other financing sources.

The revenues susceptible to accrual are ad valorem taxes, gross receipts taxes, licenses, charges for services, fines and fees, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or with the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government, as they are deemed immaterial.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s water and sewer, drainage utility and other proprietary operations are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital and lease assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

The City of Mesquite reports the following major governmental funds:

- The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Local Finance capital project fund is used to account for financial resources generated from local revenue sources to be expended for various capital projects. This fund includes the resources of the eleven Tax Increment Reinvestment Zones, four Public Improvement Districts as well as the Housing Finance, Health Facilities, and Industrial Development Corporations. The individual projects within the Local Finance fund are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements.
- The Bond Finance capital project fund is used to account for financial resources generated primarily from bond proceeds to be expended for various capital projects. The individual projects are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements.
- The Debt Service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The City has designated this fund as major.
- The Other Grants fund is a special revenue fund used to account for funds awarded to the City by all federal and state awarding agencies other than those funds accounted for in the Housing Grants fund.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

The City of Mesquite reports the following major proprietary funds:

- The Water and Sewer enterprise fund is used to account for the rendering of water and sewer services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, debt service, and billing and collecting.
- The Drainage Utility District enterprise fund is used to account for those expenditures incurred as a result of the federally mandated National Pollutant Discharge Elimination System (NPDES) permit program. This federal program requires the City to educate the general public about pollutants and their presence in storm water runoff; adopt a comprehensive storm water ordinance; operate a street sweeping program; design, establish and review storm water drainage improvements; and monitor storm water quality. Funding for the District is from monthly drainage charges to commercial and residential customers, revenue bond proceeds and interest earnings.
- The Solid Waste and Equipment Services fund is used to account for funds received from user fees for residential and commercial solid waste services.

Additionally, the City of Mesquite reports the following fund types:

- Internal service funds account for risk management services (including group medical insurance and general liability) provided to other departments or agencies of the City on a cost-reimbursement basis.
- The private purpose trust fund accounts for contributions made to maintain a small cemetery within the City.
- The custodial funds account for monies held for ad valorem taxes collected on behalf of the Mesquite Independent School District through the end of January 2024 and for funds seized from court cases that are held in escrow until judgment.

Budgetary Data

Budgets are a plan of financial operation providing an estimate of proposed expenditures for a given period and the proposed means of financing them. The budgetary process begins with City department heads (or, in the case of the Quality of Life Corporation, its Board of Directors) developing expenditure budget requests and revenue estimates in April for the fiscal year beginning the following October 1. These requests and estimates are then submitted to the City Manager for review and input. As required by City Charter, the City Manager is to have prepared an annual operating budget by August 15 for the General, Debt Service and certain budgeted Special Revenue funds. The proposed budget is then presented to the City Council for its consideration and adoption through passage of an ordinance.

Between the time the budget is made available to the public and the time it is legally adopted, the City Council provides for several public hearings to gather input from the public. During the public hearings, citizens are encouraged to offer their suggestions and ideas of what programs they would like to be included (or not included) in the budget. During the preparation of the 2023-2024 budget, the City Council conducted three public hearings and held numerous work sessions in an effort to obtain as much citizen input as possible. The adopted budget is reassessed by departments midway through the fiscal year, and revenue and expenditure projections are revised. The City Manager then presents these revisions to the City Council for adoption, resulting in what is termed an amended budget. While infrequent, the City Council may amend the budget prior to or after this mid-year review. All amendments to the budget, however, must be adopted by ordinance. Unexpended appropriations lapse at fiscal year-end.

During 2023-2024 the City Council amended the budget in June 2024. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that would increase total fund

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

appropriations must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level.

Budgets for the General and the following special revenue funds: Housing Grants, Quality of Life Corporation, Hotel/Motel, and Confiscated Drug are legally adopted on a basis consistent with GAAP on the modified accrual basis of accounting. Accordingly, the budgetary comparison statements and schedules present actual expenditures on a basis consistent with the legally adopted budgets as amended. Capital Project funds are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements. The Other Grants and other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

Encumbrances

An encumbrance system is maintained in governmental funds to account for unperformed commitments (*i.e.*, purchase orders, contracts, or other forms of legal commitment). All appropriations and encumbrances lapse at fiscal year-end, and any valid encumbrances outstanding at fiscal year-end are re-appropriated as part of the subsequent year's budget pursuant to state regulations.

Pooled Cash and Investments

Cash balances of all City funds, excluding the accounts payable account and payroll clearing account are pooled into one bank account in order to maximize investment opportunities. Negative balances, if applicable, incurred in pooled cash at year end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

Investments purchased with pooled cash are classified as pooled cash and investments in the accompanying government-wide and fund financial statements. Earnings from these investments are allocated monthly to each fund based on each fund's relative month-end cash and investment balance, except for the debt service fund, which is allocated to the General Fund. Investments are recorded at amortized cost and net asset value, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

The relationship of an individual fund to the pooled cash and investments account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore all equity that the fund has in the pooled cash and investments account is highly liquid. For the purpose of the accompanying statement of cash flows, the City has chosen to reconcile to "pooled cash and investments," as all investments of the funds are regarded as cash equivalents. Deposit and investment risk disclosures are in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures*.

Interfund Receivables and Payables and Interfund Transactions

Arms-length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables when liquidation is expected within one year. If anticipated repayment is longer than one year, amounts are classified as advances to/from other funds. Flows of assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. On the government-wide statement of net position, payables and receivables within governmental and business-type activities are eliminated and balances between these activities are reported on a single line entitled "internal balances."

Indirect and Centralized Expenses

The City allocates to the housing grants fund, water and sewer fund, and drainage utility district fund an indirect cost percentage for “centralized” expenses, which include an administrative overhead initially paid by the General Fund. These costs are determined on an annual basis through a cost allocation plan. During fiscal year ended September 30, 2024, the City’s General Fund was reimbursed \$3,078,617 for these services. Interfund reimbursements are reported as an expenditure/expense in the fund ultimately responsible and as a reduction of expenditure/expense in the fund being reimbursed.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventories are maintained on a perpetual inventory system and adjustments are made at fiscal year-end based upon a physical count. Inventory consists of expendable supplies held for consumption and are recorded as an expenditure upon consumption in governmental funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2024, are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for on the consumption basis in governmental funds.

Restricted Assets

Certain resources of the City are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or set aside for bond repayment or as stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Customer deposits received by water and wastewater services are, by law, considered to be restricted assets. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital, Lease, and Subscription Assets

Capital, lease, and subscription assets, which includes land, buildings, infrastructure, improvements, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Construction in progress is not depreciated until the assets are placed into service.

The City’s capitalization policy requires that assets capitalized have an original cost of \$5,000 or more and a useful life of at least five years, with the exception of leases and subscriptions which are capitalized if there is a useful life of more than one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	25 - 50 years
Infrastructure/improvements	15 - 50 years
Equipment	5 - 20 years

Lease Receivable

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease Liability

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

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liability

The City recognizes a subscription liability and an intangible right-to-use IT asset (subscription asset) in the financial statements. The City recognizes subscription liability with an initial, individual value of \$5,000 or more. Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures. Total unearned grant revenue as of September 30, 2024 is \$19,399,698, of which \$19,268,246 relates to ARPA monies received but not yet spent.

Estimated Claims Payable

Property, general liability, and workers' compensation insurance coverage is accounted for in the General Liability Fund, an internal service fund. At year end, the estimated settlement value of claims reported and of claims incurred but not reported in excess of liability insurance limits is classified as estimated claims payable. Group health insurance is accounted for in the Health Claims Fund, an internal service fund. At year end, an estimate of unpaid claims that were incurred prior to September 30, 2024 is accrued based on past claims experience.

Accrued Compensated Absences

City employees earn vacation and sick leave in varying amounts. Vacation leave accrues for employees with less than five years of service at the annual rate of 10 working days. Upon attaining five years of service, employees are awarded 15 working days annually until 15 years of service when vacation leave is earned at an annual rate of 20 days. Employees with over 25 service years accrue 25 days annually. Any employee leaving the City in good standing following one year of continuous service is paid for accumulated vacation leave not to exceed 20 working days at their current pay rate. Sick leave accrues at an annual rate of 15 working days. Upon termination, unused accumulated sick leave is paid to employees with three to five years of service at one-third, employees with five to six years of service at two-thirds, and six years and over is paid all accumulated sick leave up to a maximum of 90 days. Police and firefighters are reimbursed upon termination for all unused accumulated sick leave up to the maximum of 90 days no matter how long they were employed by the City as required by State Civil Service law.

The measurement of the liability for compensated absences was determined by applying a vesting method approach to accumulated vacation and sick leave balances at fiscal year-end and includes additional salary related payments for Social Security, Medicare, and retirement contributions, in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. No liability is recorded in the fund statements of governmental funds unless they have matured, as payment of this liability will not be made with expendable available financial resources unless an employee has terminated employment as of the end of a fiscal year. In the government-wide financial statements and proprietary fund statements, the liability for employees with over 20 years of service is recorded as a current liability as these employees are eligible for retirement regardless of their age.

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB plan. For this purpose, the City recognizes benefit payments when due and payable with the benefit terms.

Long-term Debt

In the government-wide financial statements and the fund level proprietary financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized using the effective interest method over the life of the bonds. In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources (uses) during the current period. The face amount of debt issued is recorded as other financing sources. Issuance costs are reported as expenditures in the funds receiving the bond proceeds.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital, lease, and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, other debt, and lease/subscription liability that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

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- Committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation. At September 30, 2024, the City had no committed fund balance amounts.
- Assigned fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has authorized City management to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding - 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.
- Deferred pension contributions – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in expected and actual pension experience – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.
- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.

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- Difference in assumption changes - OPEB - This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Change in proportion - Pension - This change in proportion is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Change in proportion - OPEB - This change in proportion is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.

In addition to liabilities, the statements of net financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.
- Difference in expected and actual OPEB experience – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of pension expense beginning with the period in which the difference occurred.
- Difference in assumption changes - Pension - This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Change in proportion - Pension - This change in proportion is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Change in proportion - OPEB - This change in proportion is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

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- Unavailable revenue – This item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: ambulance, ad valorem taxes, court fines and fees, grass and weed mowing, HUD vouchers, and other intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, liabilities and deferred inflows and outflows of resources 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.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following new statements to be implemented in future years.

GASB Statement No. 101, Compensated Absences (GASB 101)

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled. A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. GASB 101 is effective for the City's fiscal year ended September 30, 2025. The impact of applying the Statement has not been determined.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102)

GASB 102 requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The City expects to first apply GASB 102 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103)

GASB 103's objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The statement focuses on improvements to Management's Discussion and Analysis, proprietary fund statement of revenues, expenses and changes in net position, major component units, and other areas.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104)

Gasb 104 requires state and local governments to provide detailed information about certain types of assets including lease assets, right-to-use assets, subscription assets, and assets held for sale.

Note 2. Deposits and Investments

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The amounts reflected below include the revenue bond reserve cash and investments reflected on the government-wide and proprietary fund financial statements of net position.

Deposits

At September 30, 2024, the carrying amount of the City and its blended component units' demand deposits totaled \$16,746,452 and the bank balance was \$22,290,934. Cash on hand for the City was \$16,849. The carrying amount of cash for the Fiduciary funds was \$2,146,821. The carrying amount of cash for the Public Improvement Districts was \$10,075,054. The City had approximately \$591,000 of uninsured deposit balances as of September 30, 2024.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the City's deposits may not be returned to it. Pursuant to provisions of both the Texas Public Funds Investment Act and the Public Funds Investment Policy of the City, deposits of the City that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third-party custodian in the City's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the City's name and held by a third-party custodian. In order to anticipate market changes and to provide a level of security for all funds, the collateralization level will be 102% (on a market value basis) of principal and accrued interest on the deposits.

Investments

The City's investment policies are governed by state statutes. The City's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations of the United States of America its agencies and instrumentalities, including the Federal Home Loan Bank that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, in an amount up to 100% of portfolio.
2. Obligations of the state of Texas, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent, in an amount up to 20% of portfolio.
3. Certificates of Deposit, in an amount up to 20% of portfolio, purchased with the following conditions:
 - a. Shall be issued by a depository institution that has its main office or branch office in the state of Texas.
 - b. Shall be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount provided by law for deposits of the investing entity as described in Section 2256.010 (b) (3) of the PFIA.
 - c. Shall be purchased through a broker that has a main office or a branch office in this state and is selected from a list adopted by the investing entity.
 - d. The broker or depository institution selected shall arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the City's account.

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- e. The City shall appoint the depository institution selected or a clearing broker-dealer registered with the Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c.3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the City.
4. Fully collateralized direct repurchase agreements with a defined termination date secured by cash and obligations of the United States or its agencies and instrumentalities. These securities or cash shall be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third-party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery vs. payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102% at the time funds are disbursed. Repurchase agreement security types will be limited to 20% of the portfolio.
5. Money Market Mutual funds that are: 1) registered and regulated by the SEC, 2) have a dollar weighted average stated maturity of 90 days or less, 3) maintain a net asset value of \$1 for each share, 4) investments are exclusive in obligations approved by the PFIA, 5) continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and 6) provide a prospectus and other information as described in Section 2256.014 (a) (2) of the PFIA. Total investment in all money market mutual funds shall not exceed 50% of the portfolio.
6. Government investment pools which: 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, 3) investments are exclusive in obligations approved by the PFIA and 4) are authorized by resolution or ordinance by City Council. Investment in any one local government investment pool shall not exceed 40% of the City's portfolio. Total investment in all pools shall not exceed 80% of the City's portfolio.

Investment Pools

Investments of the City, other than for amortized cost pools, are valued based upon quotes obtained from Interactive Data Pricing and Reference Data (IDC). Investments in these pools are valued based upon the value of pool shares. No investments are reported at amortized cost, except for the City's investments in the Texas Local Government Investment Pool. The City invests in three pools; TexStar, Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS), and the Texas Local Government Investment Pool (TexPool), which were created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791, and the Texas Government Code Ann. Ch. 2256. TexStar and Texas CLASS are rated AAAM and seeks to maintain a constant net asset value of \$1.00. Investments in the pools are considered to be cash equivalents when preparing these financial statements. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. chapter 2256. TexStar is governed by a five-member Board of Directors comprising three government officials or employees and two other persons with expertise in public finance. Additionally, TexStar has a five-member Advisory Board. Texas CLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, Texas CLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted average daily cash and investment balances.

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Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy establishes the portfolio's maximum average dollar-weighted maturity to no more than one year. By policy, the City will not directly invest in securities maturing more than three years from the date of purchase.

The City's investments at September 30, 2024, are:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Managed Pools:		
TexPool	\$ 11,080,918	0.071
TexPool Prime	102,302,883	0.107
TexSTAR	504,730	0.063
Texas Class	132,067,657	0.227
Money Market:		
Wells Fargo (Morgan Stanley)	11,640,803	0.112
US Agency Securities	119,969,906	0.549
Total	<u>\$ 377,566,897</u>	<u>0.288</u>

Credit Risk

The City's investment policy helps minimize credit risk by requiring the City to limit investments to the safest types of securities, pre-qualify the financial institutions and broker/dealers with which the City will do business, and diversify the investment portfolio so that potential losses on individual securities will be minimized. The City's investments in U.S. Agency securities (FHLB, FFCB, and FHLMC) are rated at least AA by Standard and Poor's and Aaa by Moody's Investor's Service at the date of purchase. The investment in Texas Local Government Pools (TexPool, TexPool Prime, TexStar, and Texas Class) carried a credit rating of AAAm by Standard and Poor's as of September 30, 2024. TexPool and TexPool Prime are overseen by the Texas State Comptroller of Public Accounts, and the fair value is the same as the value of the pool shares. TexStar is overseen by a Governing Board consisting of individuals from participating Government Entities in the pool, and the fair value is the same as the value of the pool shares. Texas Class is overseen by a Board of Trustees consisting of individuals from active participating Government Entities in the pool that are elected by the participants, and the fair value is the same as the value of the pool shares. The City's investments in Morgan Stanley's Money Market fund through Wells Fargo carried a credit rating of AAAm by Standard and Poor's and Aaa-mf by Moody's Investor's Service as of September 30, 2024.

Concentration of Credit Risk

With the exception of U.S. Treasury securities, the City's investment policy limits the amount that may be invested in any single security type. Investment Policy limits investment portfolio to no more than 80% investment pools, 20% certificates of deposit, 50% money market funds, 20% obligations of the state of Texas, its agencies, counties, cities, and other political subdivisions, and 20% repurchase agreements of the total investment portfolio. As of September 30, 2023, the City's total investments are in the following: US agency issues (31.77%) consisting of U.S. Treasury Notes (29.65%), FHLB (1.06%), Farm Credit (0.53%), and MUNI (0.53%); investment pools (65.14%); and money market funds (3.08%).

Note 3. Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2024 :

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. agency securities	\$ 119,969,906	\$ 113,968,241	\$ 6,001,665	\$ -
Total Investments by Fair Value Level	119,969,906	<u>\$ 113,968,241</u>	<u>\$ 6,001,665</u>	<u>\$ -</u>
Investments Measured at Net Asset Value				
Texas Class	132,067,657			
TexStar	504,730			
Money Market Fund	<u>11,640,803</u>			
	144,213,190			
Investments Measured at Amortized Cost				
TexPool	11,080,918			
TexPool Prime	<u>102,302,883</u>			
	<u>113,383,801</u>			
Total Investments	<u>\$ 377,566,897</u>			

City of Mesquite, Texas
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Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for the applicable external investment pool balances. Additionally, the City has investments in governmental pools as listed above, which are recorded at amortized cost, and excluded from the fair value hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2024, no investments here held by the City meeting the Level 3 hierarchy classification.

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexStar, TexPool, TexPool Prime, and Texas CLASS. The fair value of the position of Texas CLASS and TexStar are measured at net asset value and is designed to approximate the share value. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Note 4. Ad Valorem Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraised value less applicable exemptions authorized by the City Council. Appraised values are established by the Dallas Central Appraisal District and the Kaufman Central Appraisal District at 100% of estimated market value. The total assessed value for the tax roll of January 1, 2023, upon which the 2024 fiscal year levy was based, was \$13,545,589,332. Taxes are due October 1, immediately following the January 1 lien date and are delinquent after the following January 31st. A delinquent tax incurs a penalty of 6% beginning February 1, plus 1% for each additional month the tax remains unpaid to a maximum of 12% on July 1. A delinquent tax accrues interest at a rate of 1% for each month or portion of a month until the taxes are paid. Current tax collections for the year ended September 30, 2024, were \$89,935,953 or 97.6% of the current tax levy.

In Texas, countywide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

The City Charter does not provide for a debt limit; therefore, no computation of legal debt margin can be made. However, at September 30, 2024, the City had a tax rate of \$0.69000 for every \$100 of valuation based upon a maximum ad valorem tax rate of \$2.50 for every \$100 of valuation imposed by Texas Constitutional law.

City of Mesquite, Texas
Notes to Financial Statements
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Note 5. Receivables

Receivables at September 30, 2024 for the government's individual major funds, which have receivables and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Local Finance	Bond Finance	Other Grants	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:						
Accounts	\$ 15,567,526	\$ 37,768	\$ -	\$ -	\$ 241,570	\$ 15,846,864
Ad valorem taxes	4,190,303	-	-	-	-	4,190,303
Other taxes	1,605,972	-	-	-	26,915	1,632,887
Leases	1,026,718	279,583	-	-	-	1,306,301
Note receivable	804,560	792,904	-	-	-	1,597,464
Intergovernmental	7,678,200	-	-	3,227,862	2,550,564	13,456,626
Gross Receivables	30,873,279	1,110,255	-	3,227,862	2,819,049	38,030,445
Less: Allowance for Uncollectibles	(12,423,722)	-	-	-	-	(12,423,722)
Net Total Receivables	<u>\$ 18,449,557</u>	<u>\$ 1,110,255</u>	<u>\$ -</u>	<u>\$ 3,227,862</u>	<u>\$ 2,819,049</u>	<u>\$ 25,606,723</u>

	Water and Sewer	Drainage Utility District	Solid Waste and Equipment Services	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
Receivables:						
Accounts	\$ 20,431,732	\$ 996,456	\$ 3,274,292	\$ 77,370	\$ 24,779,850	\$ 636,212
Note receivable*	-	2,542,951	-	-	2,542,951	-
Gross Receivables	20,431,732	3,539,407	3,274,292	77,370	27,322,801	636,212
Less: Allowance for Uncollectibles	(1,611,665)	(120,714)	(239,656)	(5,583)	(1,977,618)	(127,615)
Net Total Receivables	<u>\$ 18,820,067</u>	<u>\$ 3,418,693</u>	<u>\$ 3,034,636</u>	<u>\$ 71,787</u>	<u>\$ 25,345,183</u>	<u>\$ 508,597</u>

* The note receivable relates to funds loaned to an economic developer for the construction of drainage and easement improvements to be repaid by 2027.

City of Mesquite, Texas
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The governmental funds report unavailable revenues from the following sources:

Source of Revenue	Total
General fund - ambulance accounts receivable	\$ 686,851
General fund - ad valorem taxes receivable	2,415,718
General fund - court fines receivable	1,227,606
General fund - accounts receivable, grass and weed mowing	1,331,348
Local Finance capital projects fund - other receivable	21,000
Other Grants - intergovernmental receivable	2,629,599
Nonmajor funds - intergovernmental receivable	<u>174,345</u>
 Total Unavailable Revenues for Governmental Funds	 <u><u>\$ 8,486,467</u></u>

Note 6. Capital, Lease, and Subscription Assets

The following is a summary of the changes in capital, lease, and subscription assets for the fiscal year ended September 30, 2024:

	Beginning Balance as Restated*	Additions	Sales / Disposals	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 25,597,508	\$ 502,932	-	\$ -	\$ 26,100,440
Construction in progress	119,355,088	64,849,131	(116,385)	(63,415,495)	120,672,339
 Total Capital Assets, not Being Depreciated	 <u>144,952,596</u>	 <u>65,352,063</u>	 <u>(116,385)</u>	 <u>(63,415,495)</u>	 <u>146,772,779</u>
Capital, Lease, and Subscription Assets, Being Depreciated/Amortized:					
Buildings	110,275,632	-	(28,481)	(233,307)	110,013,844
Infrastructure	382,810,438	22,178,046	-	57,671,323	462,659,807
Improvements	30,762,040	3,116,234	-	2,886,071	36,764,345
Equipment	85,151,952	13,036,039	(3,310,778)	2,225,962	97,103,175
Lease assets	521,526	202,292	(165,963)	-	557,855
Subscription assets	1,618,534	-	(29,334)	-	1,589,200
 Total Capital, Lease, and Subscription Assets, Being Depreciated/Amortized:	 <u>611,140,122</u>	 <u>38,532,611</u>	 <u>(3,534,556)</u>	 <u>62,550,049</u>	 <u>708,688,226</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	(47,552,128)	(2,673,285)	-	114,247	(50,111,166)
Infrastructure	(182,145,169)	(6,880,654)	-	32,500	(188,993,323)
Improvements	(18,095,999)	(1,357,155)	-	(152,133)	(19,605,287)
Equipment	(64,345,102)	(6,399,481)	3,192,923	5,386	(67,546,274)
Lease assets	(292,491)	(147,044)	165,963	-	(273,572)
Subscription assets	(345,261)	(369,227)	29,334	-	(685,154)
 Total Accumulated Depreciation/Amortization	 <u>(312,776,150)</u>	 <u>(17,826,846)</u>	 <u>3,388,220</u>	 <u>-</u>	 <u>(327,214,776)</u>
 Total Capital, Lease, and Subscription Assets, Being Depreciated/Amortized, Net	 <u>298,363,972</u>	 <u>20,705,765</u>	 <u>(146,336)</u>	 <u>62,550,049</u>	 <u>381,473,450</u>
 Governmental Activities Capital, Lease, and Subscription Assets, Net	 <u>\$ 443,316,568</u>	 <u>\$ 86,057,828</u>	 <u>\$ (262,721)</u>	 <u>\$ (865,446)</u>	 <u>\$ 528,246,229</u>

*Restated for the effects of the change in reporting entity under GASB 100

City of Mesquite, Texas
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	Beginning Balance as Restated*	Additions	Sales / Disposals	Transfers	Ending Balance
Business-type Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 13,338,876	\$ -	\$ -	\$ -	\$ 13,338,876
Construction in progress	74,130,667	23,137,618	-	(67,774,154)	29,494,131
Total Capital Assets, Not Being Depreciated	87,469,543	23,137,618	-	(67,774,154)	42,833,007
Capital and Lease Assets, Being Depreciated/Amortized:					
Buildings	10,751,626	1,326,638	-	2,658,661	14,736,925
Infrastructure	383,399,176	26,959,639	-	64,370,028	474,728,843
Improvements	5,264,424	1,099,656	-	1,610,911	7,974,991
Equipment	27,497,063	2,087,332	(285,514)	1,185,060	30,483,941
Lease assets	915,125	-	-	-	915,125
Total Capital and Lease Assets, Being Depreciated/Amortized	427,827,414	31,473,265	(285,514)	69,824,660	528,839,825
Less Accumulated Depreciation/Amortization for:					
Buildings	(4,342,815)	(301,693)	-	-	(4,644,508)
Infrastructure	(148,231,771)	(8,770,921)	-	-	(157,002,692)
Improvements	(2,548,810)	(515,279)	-	-	(3,064,089)
Equipment	(17,288,343)	(2,559,815)	285,514	-	(19,562,644)
Lease assets	(88,226)	(218,880)	-	-	(307,106)
Total Accumulated Depreciation/Amortization	(172,499,965)	(12,366,588)	285,514	-	(184,581,039)
Total Capital and Lease Assets, Being Depreciated/Amortized, Net	255,327,449	19,106,677	-	69,824,660	344,258,786
Business-type Activities Capital and Lease Assets, Net	<u>\$ 342,796,992</u>	<u>\$ 42,244,295</u>	<u>\$ -</u>	<u>\$ 2,050,506</u>	<u>\$ 387,091,793</u>

*Restated for the effects of the change in reporting entity under GASB 100

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

Governmental Activities:

General government	\$ 3,055,066
Fire services	1,839,104
Police services	2,575,452
Public services	8,161,943
Library services	130,421
Parks and recreation	2,064,860
Total Governmental Activities	<u>\$ 17,826,846</u>

Business-type Activities:

Water and sewer	\$ 7,970,288
Drainage utility	1,800,847
Municipal airport	546,592
Municipal golf course	339,229
Solid waste and equipment services	1,709,632
Total Business-type Activities	<u>\$ 12,366,588</u>

City of Mesquite, Texas
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Construction Commitments

The City has active construction projects as of September 30, 2024. Projects include parks and recreation improvements, building improvements, fire improvement, as well as improvements in water storage and distribution facilities. Construction in progress has been categorized by the primary revenue source being used to fund the construction as follows:

	<u>Remaining Construction Commitments</u>
Governmental Activities:	
Projects funded by general obligation bonds:	
Public safety	\$ 383,553
Parks and recreation	135,717
Housing and community services	464
Information technology	1,764
Planning and development	2,287
Public works	48,924
Projects funded by local finance sources:	
Public safety	1,031
Parks and recreation	6,550
Projects funded by general sales tax (4-B portion):	
Parks and recreation	58,089
Projects funded by grant funds:	
Public safety	245,891
Administration	3,374
Projects funded by special revenue funds:	
Public safety	<u>4,045</u>
Total Governmental Activities	<u>\$ 891,689</u>
Business-type Activities	
Projects funded by revenue bonds:	
Water and sewer	\$ 45,081
Projects funded by general obligation bonds:	
Solid waste	1,541,126
Projects funded by cash funds:	
Golf course	<u>124,808</u>
Total Business-type Activities	<u>\$ 1,711,015</u>

Note 7. Interfund Receivables, Payables, and Transfers

Due to/from other funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amounts between the general fund and solid waste and equipment services fund related to a working capital loan. The amounts between the local finance fund and municipal airport fund related to funding to cover capital projects. Both the general fund and the local finance fund expect to collect on these balances in the subsequent year. The composition of interfund balances as of September 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste and Equipment Services Fund	\$ 147,712
Local Finance Fund	Municipal Airport Fund	<u>795,000</u>
		<u>\$ 942,712</u>

Transfers

Transfers were as follows for the fiscal year ended September 30, 2024:

Fund	Transfers In	Transfers Out
General	\$ 8,337,773	\$ 26,163,900
Local Finance	50,000	5,086,925
Bond Finance	486,249	1,185,060
Debt Service	34,456,908	-
Other Grants	-	597,391
Nonmajor Governmental Funds	-	2,829,500
Water and Sewer	1,380,000	6,287,423
Drainage Utility District	588,092	609,990
Solid Waste and Equipment Services	1,185,060	3,455,743
Nonmajor Enterprise Funds	<u>50,000</u>	<u>318,150</u>
	<u>\$ 46,534,082</u>	<u>\$ 46,534,082</u>

City of Mesquite, Texas
Notes to Financial Statements
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The transfers were for the following purposes:

<u>Transfer from Fund / Purpose</u>	<u>Transfer to Fund</u>	<u>Amount</u>
General Fund:		
Furniture Replacement	Local Finance	\$ 50,000
Property tax debt service levy	Debt Service	<u>26,113,900</u>
		26,163,900
Local Finance Fund:		
Impact Fees (Area A)	Debt Service	130,000
Impact Fees (Area B)	Debt Service	1,190,000
Impact Fees (Area C)	Debt Service	980,000
Impact Fees (Water)	Water and Sewer	1,000,000
Impact Fees (Sewer)	Water and Sewer	380,000
TIRZ No. 9 Innovative Way & Executive Blvd.	Debt Service	929,975
TIRZ No.2 S. Mesquite Create Drainage	Drainage	<u>476,950</u>
		5,086,925
Nonmajor Governmental Funds:		
Hotel/Motel tax :		
Mesquite Quality of Life Corp.	Debt Service	1,335,610
Mesquite Quality of Life Corp.	Golf	50,000
General obligation debt service	Debt Service	<u>398,890</u>
		1,784,500
Other Special Revenue:		
9-1-1 operations subsidy	General	855,000
Traffic enforcement	General	15,000
Child safety fees	General	<u>175,000</u>
		1,045,000
Other Grants Fund		
Town East Blvd (US 80 to Skyline)	Bond Finance	486,249
Town East Blvd (US 80 to Skyline)	Drainage	<u>111,142</u>
		597,391
Water and Sewer Enterprise Fund:		
W&S Debt Service/Transfer	Debt Service	837,270
Payment in lieu of taxes (PILOT)	General	<u>5,450,153</u>
		6,287,423
Drainage Utility District Fund:		
Payment in lieu of taxes (PILOT)	General	<u>609,990</u>
		609,990
Solid Waste and Equipment Services		
SW/ES Debt Service/Transfer	Debt Service	2,223,113
Payment in lieu of taxes (PILOT)	General	<u>1,232,630</u>
		3,455,743
Nonmajor Enterprise Fund:		
Municipal airport	Debt Service	<u>318,150</u>
		318,150
	Total	<u>\$ 45,349,022</u>

City of Mesquite, Texas
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Note 8. Leases

Leases Liability

The City's confiscated drug fund has an agreement for a police vehicle, the terms of which expire in 2026 and the general fund has agreements for equipment, the terms of which expire in various years through 2029. During the fiscal year ended September 30, 2024, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The City's proprietary funds have agreements for vehicles and equipment, the terms of which expire in various years through 2027. During the fiscal year ended September 30, 2024, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of September 30, 2024:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 97,597	\$ 5,132	\$ 102,729
2026	83,977	3,594	87,571
2027	40,821	2,295	43,116
2028	42,022	1,088	43,110
2029	21,469	97	21,566
Total	\$ 285,886	\$ 12,206	\$ 298,092

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2025	216,550	13,591	230,141
2026	222,049	8,088	230,137
2027	187,171	2,542	189,713
Total	\$ 625,770	\$ 24,221	\$ 649,991

Leases Receivable

The City's local finance fund leases building space to third parties, the terms of which expire through 2038, and the general fund leases land space and equipment to third parties, the terms of which expire between 2029 and 2049. The City recognized approximately \$17,000 of lease revenue and \$72,000 interest revenue during the current fiscal year related to the leases. As of September 30, 2024, the City's local finance fund and general fund receivable for lease payments was \$278,849 and \$962,686, respectively, and the balance of the deferred inflow of resources was \$268,288 and \$892,947, respectively. The City recognized \$313,535 in rental revenue for variable payments during the year.

City of Mesquite, Texas
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The following is a schedule by year of receipts under the leases as of September 30, 2024:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 47,438	\$ 71,399	\$ 118,837
2026	55,343	69,470	124,813
2027	63,723	67,179	130,902
2028	72,605	64,500	137,105
2029	82,022	61,547	143,569
2030-2034	174,473	284,983	459,456
2035-2039	274,751	221,747	496,498
2040-2044	300,567	123,037	423,604
2045-2049	170,613	16,830	187,443
Total	<u>\$ 1,241,535</u>	<u>\$ 980,692</u>	<u>\$ 2,222,227</u>

Regulated Leases

Business-Type Activities

In accordance with GASB 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the City is the lessor. Regulated leases are certain leases that are subject to external laws, regulation, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. The City has regulated leases related to the City's regional airport. These leases are for use of the land and structures owned by the City. The tenant constructs or improves, owns, and maintains all the improvements on the land. The leases allow access to the land for aeronautical use for private purposes and does not qualify as public use. At the end of the ground lease, the improvements revert to City ownership. The City had 16 leases during the year that had terms exceeding one year. The revenue recognized by the business-type activities for the regulated leases during the fiscal year ended September 30, 2024 was approximately \$1,033,000, and approximately \$898,000 was related to variable lease payments received.

City of Mesquite, Texas
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The future lease receipts for the City's regulated leases as of September 30, 2024 were as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Future Regulated Lease Receipts</u>
2025	\$ 177,104
2026	123,686
2027	96,233
2028	83,563
2029	83,563
2030-2034	410,152
2035-2039	84,600
2040-2044	65,080
2045-2049	23,008
2050-2054	11,886
	<hr/>
Total	<u>\$ 1,158,875</u>

Note 9. Subscription Liability

The City's general fund has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. During the fiscal year ended September 30, 2024, the City did not recognize any subscription expense for variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the subscriptions as of September 30, 2024:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	217,598	10,780	228,378
2026	222,303	7,218	229,521
2027	227,144	3,579	230,723
2028	204,049	273	204,322
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 871,094</u>	<u>\$ 21,850</u>	<u>\$ 892,944</u>

Note 10. Long-term Liabilities

Various types of long-term debt have been issued by the City for the acquisition and construction of major capital facilities and equipment as follows:

- General obligation bonds have been issued in prior years pursuant to voter authorization for infrastructure and facility projects accounted for in a governmental capital project fund. The City issued \$15,445,000 of general obligations bonds, with a premium of \$1,259,388, in August 2024 for (i) constructing, improving, extending, expanding, upgrading and developing two-lane residential streets, including, utility relocation, landscaping, sidewalks, traffic safety and operational improvements, drainage, the purchase of any necessary right-of-way, and other related costs; and (ii) to pay the costs of issuance of the Bonds.
- Certificate of obligation debt is similar to general obligation bonds in their usage and retirement but do not require voter authorization and are not used for refunding debt. The City issued \$34,090,000 of tax-exempt Certificates, with a premium of \$3,265,041, in August 2024 for: (i) acquisition and installation of City information technology infrastructure and equipment; (ii) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (iii) designing, developing, constructing, improving and renovating existing City buildings and facilities, including City Hall facilities, service center facilities, police facilities, public safety training facilities, solid waste service facilities, arts facilities, field service facilities, and fire stations; (iv) acquisition of equipment and vehicles for various City services and departments, including police, neighborhood services, public works, fire, solid waste services and City airport services, (v) professional services incurred in connection with items (i) through (iv); and (vi) to pay the costs incurred in connection with the issuance of the Certificates.
- Special Assessment bonds are issued to provide funds for improvements within the City's Public Improvement Districts (PIDs). There were no special assessment bonds issued in the current year.
- Water and sewer revenue bonds are issued to provide funds for certain improvements to the water distribution and wastewater collection systems as well as to refund prior water and sewer debt issues. These bonds are reported in the Water and Sewer fund as the debt will be repaid from revenues of this enterprise fund operation. The City issued \$17,810,000 of Waterworks and Sewer System Revenue Bonds, with a premium of \$1,344,156, in August 2024 for: (i) acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system, (ii) funding the Reserve Fund requirement for the Series 2024 Bonds, and (iii) paying the costs incurred in connection with the issuance of the Series 2024 Bonds. Bonds still outstanding may be called in whole or in part at the City's option on or after ten years from the date of issuance.
- Municipal drainage utility system revenue bonds are issued to provide funds for drainage improvements, including the acquisition and construction of structures, equipment, and facilities for the Drainage Utility District. There were no municipal drainage utility system revenue bonds issued in the current year.

City of Mesquite, Texas
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Governmental activities long-term bonded debt at September 30, 2024, includes the following individual issues:

Governmental Activities	Issued Amount	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
General Obligation Bonds-					
Series 2013 refunding	7,635,000	2.00-3.00	2/15/2025	870,000	870,000
Series 2014 refunding	9,080,000	3.00-4.00	2/15/2026	1,605,000	790,000
Series 2015 refunding	2,935,000	2.00-4.00	2/15/2025	300,000	300,000
Series 2016 refunding & improvement	40,565,000	1.75-5.00	2/15/2036	23,365,000	1,985,000
Series 2017 refunding	7,600,000	2.50-5.00	2/15/2029	5,020,000	850,000
Series 2018 refunding & improvement	31,475,000	4.00-5.00	2/15/2038	21,900,000	1,225,000
Series 2019 refunding	27,685,000	2.00-3.00	2/15/2031	16,090,000	2,945,000
Series 2020	14,585,000	4.00-5.00	2/15/2040	12,775,000	550,000
Series 2022	15,700,000	4.50-5.00	2/15/2042	14,815,000	530,000
Series 2024	15,445,000	4.00-5.00	2/15/2044	15,445,000	530,000
				<u>112,185,000</u>	<u>10,575,000</u>
Certificate of Obligation Bonds-					
Series 2012	7,235,000	2.00-3.375	2/15/2032	2,835,000	315,000
Series 2013	5,450,000	2.00-3.00	2/15/2033	1,310,000	130,000
Series 2014	9,715,000	3.00-4.00	2/15/2034	6,040,000	215,000
Series 2015	14,835,000	2.00-5.00	2/15/2035	7,590,000	1,090,000
Series 2016	11,815,000	2.00-5.00	2/15/2036	4,055,000	785,000
Series 2017	8,285,000	1.00-3.67	2/15/2037	3,000,000	95,000
Series 2018	16,050,000	4.00-5.00	2/15/2038	11,330,000	760,000
Series 2019	10,065,000	3.00-4.00	2/15/2039	5,640,000	275,000
Series 2020	10,360,000	4.00-5.00	2/15/2040	9,075,000	390,000
Series 2021	14,120,000	2.00-5.00	2/15/2041	9,030,000	950,000
Series 2021-T	1,885,000	0.35-2.72	2/15/2041	1,645,000	85,000
Series 2022A	24,185,000	4.00-5.00	2/15/2042	22,340,000	1,075,000
Series 2022B	5,105,000	4.00-5.00	2/15/2042	4,790,000	180,000
Series 2023	56,485,000	4.00-5.00	2/15/2043	51,695,000	2,555,000
Series 2024	34,090,000	4.00-5.00	2/15/2044	34,090,000	3,490,000
				<u>174,465,000</u>	<u>12,390,000</u>
Special Assessment Bonds-					
Series 2018 - Heartland Phase 1	5,410,000	4.375-5.375	9/1/2048	5,015,000	110,000
Series 2018 - Heartland Phase 2	1,835,000	5.125-5.625	9/1/2048	1,685,000	40,000
Series 2019 - Iron Horse	10,050,000	6.5	9/15/2049	9,560,000	180,000
Series 2019 - Polo Ridge Phase 1	7,040,000	4.25-5.125	9/15/2048	6,510,000	145,000
Series 2019 - Polo Ridge Phases 2-6	7,500,000	5.125-6.125	9/15/2048	7,010,000	140,000
Series 2023 - Solterra A-1	33,425,000	4.750-5.750	9/1/2053	4,872,000	72,000
Series 2023 - Solterra C-1	7,000,000	4.625-5.625	9/1/2053	33,131,000	495,000
Series 2023 - Solterra C-2	3,525,000	4.625-5.670	9/1/2053	6,923,000	110,000
Series 2023 - Heartland Phase 2	4,939,000	4.625-5.670	9/1/2053	3,525,000	59,000
				<u>78,231,000</u>	<u>1,351,000</u>
Total governmental activities long-term bonded debt				364,881,000	24,316,000
Add: Net premium/discounts on bonds				19,186,643	-
Net governmental activities long-term bonded debt				<u>\$ 384,067,643</u>	<u>\$ 24,316,000</u>

City of Mesquite, Texas
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Business-type activities long-term bonded debt at September 30, 2024, includes the following individual issues:

Business-type Activities	Issued Amount	Interest Rate (%)	Interest Date	Amount Outstanding	Due Within One Year
Water and Sewer Revenue Bonds-					
Series 2012 refunding and improvements	\$ 7,945,000	2.00-3.375	3/1/2032	\$ 2,220,000	\$ 250,000
Series 2013 refunding and improvements	7,090,000	2.00-3.25	3/1/2033	2,760,000	355,000
Series 2014 refunding and improvements	11,655,000	3.00-4.00	3/1/2034	4,475,000	900,000
Series 2015 refunding and improvements	10,325,000	2.00-5.00	3/1/2035	4,085,000	475,000
Series 2016 refunding and improvements	15,785,000	2.00-5.00	3/1/2036	7,555,000	1,085,000
Series 2017 refunding and improvements	12,555,000	2.00-5.00	3/1/2037	8,500,000	800,000
Series 2018 refunding and improvements	8,920,000	4.00-5.00	3/1/2038	6,565,000	465,000
Series 2019 improvements	15,260,000	3.00-5.00	3/1/2039	12,545,000	625,000
Series 2019A refunding	9,035,000	2.00-3.00	3/1/2031	5,470,000	780,000
Series 2020 improvements	19,430,000	4.00-5.00	3/1/2040	17,050,000	730,000
Series 2021 improvements	26,520,000	2.00-4.00	3/1/2041	23,240,000	1,225,000
Series 2022 improvements	33,785,000	5.00-5.00	3/1/2042	31,675,000	1,310,000
Series 2023	31,045,000	4.00-5.00	3/1/2043	30,115,000	980,000
Series 2024	17,810,000	4.00-5.00	3/1/2044	17,810,000	575,000
				<u>174,065,000</u>	<u>10,555,000</u>
Drainage Utility System Revenue Bonds-					
Series 2019 improvements	7,910,000	2.00-4.00	3/1/2039	6,475,000	330,000
Series 2022 improvements	3,715,000	5.00-5.00	3/1/2042	3,520,000	125,000
				<u>9,995,000</u>	<u>455,000</u>
Total business-type activities long-term debt				184,060,000	11,010,000
Add: Net premium/discounts on bonds				12,246,142	-
Net business-type activities long-term debt				<u>\$ 196,306,142</u>	<u>\$ 11,010,000</u>

Annual debt service requirements to maturity for long-term bonded debt are as follows:

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 24,316,000	\$ 16,274,521	\$ 11,010,000	\$ 7,526,791
2026	21,437,000	15,490,087	11,195,000	7,074,006
2027	20,189,000	14,571,907	11,005,000	6,575,156
2028	20,677,000	13,701,768	10,970,000	6,083,159
2029	19,719,000	12,838,355	10,915,000	5,595,475
2030-2034	93,307,000	51,162,376	54,300,000	21,049,356
2035-2039	78,405,000	31,246,081	50,280,000	9,958,175
2040-2044	54,393,000	15,694,639	24,385,000	1,978,381
2045-2049	20,331,000	6,879,530	-	-
2050-2053	12,107,000	1,728,506	-	-
Total	<u>\$ 364,881,000</u>	<u>\$ 179,587,770</u>	<u>\$ 184,060,000</u>	<u>\$ 65,840,499</u>

City of Mesquite, Texas
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Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended September 30, 2024:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
Water and Sewer Revenue Bonds	Net revenues of the City's waterworks and sewer system	\$ 36,657,421	\$ 16,892,816	46.1%	\$ 236,412,299	Until 2044
Drainage Utility System Revenue Bonds	Net revenues of the City's drainage utility system	4,119,872	844,100	20.5%	13,488,200	Until 2042
Special Assessment Bonds	Assessments levied against assessable properties in the Districts	6,046,606	5,576,826	92.2%	154,570,957	Until 2053

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Housing Grants Fund, Other Grants Fund, and Enterprise Funds based on the assignment of an employee at termination.

Changes in Long-term Liabilities

Long-term liabilities activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 107,785,000	\$ 15,445,000	\$ 11,045,000	\$ 112,185,000	\$ 10,575,000
Certificates of obligation	151,520,000	34,090,000	11,145,000	174,465,000	12,390,000
Special assessment bonds	<u>79,254,000</u>	<u>-</u>	<u>1,023,000</u>	<u>78,231,000</u>	<u>1,351,000</u>
Total bonds payable	338,559,000	49,535,000	23,213,000	364,881,000	24,316,000
Add: net premium or discount	<u>16,914,132</u>	<u>4,524,429</u>	<u>2,251,918</u>	<u>19,186,643</u>	<u>-</u>
Net bonds payable	355,473,132	54,059,429	25,464,918	384,067,643	24,316,000
Lease liability	230,856	202,292	147,262	285,886	97,597
Subscription liability	1,235,886	-	364,792	871,094	217,598
Accrued compensated absences	20,737,321	9,952,882	7,596,304	23,093,899	9,022,314
Estimated claims payable	<u>2,979,105</u>	<u>21,976,778</u>	<u>21,542,456</u>	<u>3,413,427</u>	<u>1,510,167</u>
	<u>\$ 380,656,300</u>	<u>\$ 86,191,381</u>	<u>\$ 55,115,732</u>	<u>\$ 411,731,949</u>	<u>\$ 35,163,676</u>

City of Mesquite, Texas
Notes to Financial Statements
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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Bonds Payable:					
Revenue bonds - water/sewer	\$ 166,375,000	\$ 17,810,000	\$ 10,120,000	\$ 174,065,000	\$ 10,555,000
Revenue bonds - drainage	10,435,000	-	440,000	9,995,000	455,000
Total revenue bonds payable	176,810,000	17,810,000	10,560,000	184,060,000	11,010,000
Add: net premium or discount	12,350,310	1,344,156	1,448,324	12,246,142	-
Net revenue bonds payable	189,160,310	19,154,156	12,008,324	196,306,142	11,010,000
Lease liability	836,453	-	210,683	625,770	216,550
Accrued compensated absences	1,081,717	2,475,690	1,534,025	2,023,382	639,773
	<u>\$ 191,078,480</u>	<u>\$ 21,629,846</u>	<u>\$ 13,753,032</u>	<u>\$ 198,955,294</u>	<u>\$ 11,866,323</u>

Note 11. Retirement Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of over 900 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for 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 issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.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 benefit in one of seven payments 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.

City of Mesquite, Texas
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Plan provisions for the City were as follows:

Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
A member is vested after:	5 years
Updated Service Credit:	100% Transfers
Annuity Increases to Retirees:	50% CPI

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

Inactive employees or beneficiaries currently receiving benefits	978
Inactive employees entitled to but not yet receiving benefits	676
Active employees	<u>1,164</u>
	<u><u>2,818</u></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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.42% and 19.01% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$21,037,734, and were equal to the actuarially required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, and the total pension liability 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 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

City of Mesquite, Texas
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Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP 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 Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
	100.00%	

City of Mesquite, Texas
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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.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2023	<u>\$ 669,217,603</u>	<u>\$ 496,880,632</u>	<u>\$ 172,336,971</u>
Changes for the year:			
Service cost	15,827,293	-	15,827,293
Interest (on the total pension liability)	44,489,647	-	44,489,647
Difference between expected and actual experience	2,805,308	-	2,805,308
Changes in assumptions	(3,920,787)	-	(3,920,787)
Benefit payments, including refunds of employee contributions	(36,050,742)	(36,050,742)	
Administrative expense	-	(365,854)	365,854
Contributions - member	-	6,456,355	(6,456,355)
Contributions - employer	-	18,446,723	(18,446,723)
Net investment income	-	57,385,013	(57,385,013)
Other	-	(2,557)	2,557
	<u>23,150,719</u>	<u>45,868,938</u>	<u>(22,718,219)</u>
Net Changes			
	<u>23,150,719</u>	<u>45,868,938</u>	<u>(22,718,219)</u>
Balance at September 30, 2024	<u>\$ 692,368,322</u>	<u>\$ 542,749,570</u>	<u>\$ 149,618,752</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the sensitivity of the net pension liability to changes in the discount rate when calculating it at 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%).

	1% Decrease 5.75%	Current Rate Assumption 6.75%	1% Increase 7.75%
Discount rate	\$ 238,718,928	\$ 149,618,752	\$ 75,717,610

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TMRS financial report which may be obtained at www.tmr.com.

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

For the year ended September 30, 2024, the City recognized pension expense of \$20,236,479.

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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
Difference in expected and actual experience	\$ 9,251,768	\$ 281,662
Difference between projected and actual investment earnings on pension plan investments	13,908,451	-
Changes in assumptions	-	3,011,091
Changes in proportion	4,574,227	4,574,227
Employer contributions subsequent to the measurement date	<u>16,645,325</u>	<u>-</u>
	<u>\$ 44,379,771</u>	<u>\$ 7,866,980</u>

\$16,645,325 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2025	\$ 6,688,442
2026	6,945,633
2027	11,082,736
2028	<u>(4,849,345)</u>
	<u>\$ 19,867,466</u>

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the net pension liability is liquidated by the general fund. For the business type activities, the net pension liability is liquidated by the water and sewer fund, drainage utility district fund, solid waste and equipment services fund, municipal airport fund, and municipal golf course fund.

Deferred Compensation Plan

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Lincoln National Life Insurance Company. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust by Wilmington Trust Company for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the plan.

Note 12. Regional Systems for Water Supply and Wastewater Treatment

The City secures substantially all of its water supply and sewer services from the North Texas Municipal Water District (District). The District has police, taxation, and eminent domain powers and is authorized to issue revenue bonds with State approval and functions as a political subdivision independent of the City. The District is governed by a 25-member board (Board), the City being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or to enforce payment of an unpaid charge, fee, or rental due to the District. A portion of the outstanding bonds of the District are contract revenue bonds based on contracts with certain member cities of the District. The City provides for the payment of its contractual obligations with the District from revenue generated by its waterworks and sewer systems. Such contractual payments provide for the payment of the principal and interest requirements on specified indebtedness and associated operation and maintenance expenses of the District. Because of the factors mentioned above the District is not included in the City's basic financial statements.

Water Supply

On August 1, 1988, the City entered into a contract with the District whereby the District agreed to provide water supply for the benefit of the City. The provisions of this contract are similar in concept, essence, and intent to the provisions of the contract originally entered into on December 12, 1953. In return for this service, the City agreed to pay the District at a rate per 1,000-gallon basis, subject to minimum annual payments which approximated \$27.08 million for the fiscal year ended September 30, 2024.

Wastewater Treatment

On October 1, 1975, the City entered into a contract with the District whereby the District agreed to provide a wastewater treatment and disposal system for the benefit of the City and other cities located in Dallas, Collin, Kaufman and Rockwall Counties, Texas. Each member city annually pays its proportionate share of operating expenses and debt service of the District. The City's annual payment for the year ended September 30, 2024, was approximately \$13.21 million.

Note 13. Self-Insurance

Group Health Insurance

The City established the Group Medical Insurance internal service fund in 1984 to account for the provision of group life and health insurance coverage for employees and their dependents. The City's health insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each biweekly payroll for group life and health insurance coverage for qualifying City employees and a subsidy toward employee dependent coverage. Employees contribute through payroll deductions for the balance of dependent health insurance coverage. The City's health insurance program includes stop loss coverage with a \$300,000 deductible per individual with an unlimited liability limit per claim. According to the Health Care Reform Act lifetime maximums are no longer allowed. The coverage is consistent with prior years and settled claims did exceed this self-insured coverage in fiscal year 2023 by \$44,864 and in fiscal year 2024 by \$53,065.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed.

The estimated claims payable of \$1,148,177 reported in the Group Medical Insurance internal service fund is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (GASB No. 10), which requires that a liability be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses. Changes in the fund's claims liability amount in fiscal years 2023 and 2024 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2023	\$ 857,747	\$ 15,460,905	\$ 15,588,429	\$ 730,223
2024	\$ 730,223	\$ 20,184,309	\$ 19,766,355	\$ 1,148,177

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by the City.

General Liability Insurance

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. During 1985, the City established the General Liability internal service fund to account for the provision of property, general liability, and workers' compensation insurance. The City's insurance coverage is through scheduled specific policies with large deductibles with the primary carrier being the Texas Municipal League Risk Pool. Under this program, the General Liability Fund provides coverage for up to a maximum of:

- \$10,000 retention for each real and personal property claim and a scheduled limit on coverage
- \$10,000 retention for each mobile equipment claim and a scheduled limit on coverage
- \$10,000 retention for each auto physical damage claim and a \$1,000,000 limit on coverage

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- \$100,000 retention for each auto catastrophe claim and a \$10,000,000 limit on coverage
- \$50,000 retention for each law enforcement claim and a \$5,000,000 limit on coverage with a \$10,000,000 annual aggregate
- \$50,000 retention for each general liability claim and a \$1,000,000 limit on coverage with a \$2,000,000 annual aggregate
- \$2,500 retention for each airport hangar-keeper claim and a \$1,000,000 limit on coverage
- \$50,000 retention for each auto liability claim and a \$1,000,000 limit on coverage
- \$5,000 retention for each error and omission claim with an aggregate \$250,000 limit per claim, and a \$5,000,000 limit on coverage with a \$10,000,000 annual aggregate
- \$300,000 retention for each worker’s compensation claim
- \$25,000 retention for each crime coverage claim with a \$500,000 limit on coverage
- \$10,000 retention for each storage tank pollution claim with a \$1,000,000 limit on coverage with a \$2,000,000 annual aggregate

The General Liability Fund is funded through revenues from participating governmental and proprietary funds of the City. The above coverage is consistent with prior years and settled claims have not exceeded the self-insured coverage in any of the past three fiscal years.

The estimated claims payable of \$2,265,250 reported in the General Liability internal service fund is based on the requirements of GASB No. 10. The liability for unpaid claims includes allocated loss adjustment expenses. Changes in the fund’s claims liability amount in fiscal years 2023 and 2024 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2023	\$ 2,767,405	\$ 1,399,279	\$ 1,917,802	\$ 2,248,882
2024	\$ 2,248,882	\$ 1,792,469	\$ 1,776,101	\$ 2,265,250

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provisions for reported claims and for claims incurred but not yet reported are determined by an independent consultant.

Note 14. Other Postemployment Benefits (OPEB)

Plan Description

In addition to the pension benefits described in *Note 11*, the City provides postretirement healthcare benefits to retirees and their dependents through a single-employer defined benefit healthcare. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75. The plan does not issue a separate financial report.

Benefits Provided

Healthcare benefits provided to retired employees and their dependents are under the same plan options as active employees in accordance with City ordinances. To be eligible for City-subsidized coverage, retired employees who were hired before October 1, 2004 must have 20 years of full-time service with the City or 10 years of service and be at least 60. Former employees aged 60 and over with at least 5 years of service may participate in the plan after retirement. However, the City makes no contribution towards those benefits unless the employee had at least 10 years of service with the City.

Employees hired on and after October 1, 2004 may retire with City-subsidized coverage after the later of 15 years of service and attainment of age 55.

Prior to Medicare eligibility, retirees can remain in a high-deductible health plan (HDHP) with a \$5,000 deductible. Effective January 1, 2018, the City no longer makes contributions to the HSA account for retirees.

Retirees over the age of 65 are offered coverage in one of two fully-insured Medicare Supplement plans (“High Option” and “Low Option”) issued by United American.

Participating retirees must make monthly contributions. The contribution rates are set by the City, and generally change on each January 1. The retiree’s contribution rate for the HDHP depends on the dependents covered. The retiree’s contribution rate may also vary based on the number of years of service at retirement, depending on the date of retirement. The Medicare Supplement policies are funded by both City and retiree contributions.

Employees Covered by Benefit Terms

At the September 30, 2024 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	337
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,208</u>
	<u><u>1,545</u></u>

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Total OPEB Liability

The City's total OPEB liability of \$31,610,826 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability measured as of September 30, 2024 determined by an actuarial valuation as of September 30, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.0%, including inflation
Discount rate	4.06%
Prior year discount rate	4.63%
Healthcare cost trend rates - pre-65	6.5% for 2024, decreasing annually, to an ultimate rate of 4.04% for 2078 and later years
Healthcare cost trend rates - post-65	No increases are assumed. All premium increases are assumed to be paid by retirees.
Retirees' share of benefit-related costs	Future contributions for pre-65 retirees are assumed to increase at the same rate as medical trend.

The discount rate of 4.06% was based on the September 30, 2024, S&P Municipal Bond 20 Year High Grade Index yield. The prior year discount rate was 4.63%, based on the Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 tables for general employees and PubS.H-2010 tables for public safety, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 tables for general employees and PubS.H-2010 tables for public safety, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2023	\$ 30,994,233
Changes for the year	
Service cost	524,168
Interest	1,431,059
Differences between expected and actual experience	(289,785)
Changes in assumptions/inputs	112,360
Benefit payments	<u>(1,161,209)</u>
Net changes	<u>616,593</u>
Balance at September 30, 2024	<u><u>\$ 31,610,826</u></u>

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current discount rate:

1% Decrease (3.06%)	Discount Rate (4.06%)	1% Increase (5.06%)
\$ 34,615,121	\$ 31,610,826	\$ 28,912,965

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Trend	1% Increase
\$ 28,695,625	\$ 31,610,826	\$ 35,095,206

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$916,257. At September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 350,922
Changes in assumptions	101,124	652,773
Changes in proportion	1,389,082	1,389,082
	<u>\$ 1,490,206</u>	<u>\$ 2,392,777</u>

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

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

	<u>Year Ended September 30,</u>	
2025		\$ (203,465)
2026		(203,465)
2027		(203,465)
2028		(203,463)
2029		(17,743)
Thereafter		<u>(70,970)</u>
Total		<u>\$ (902,571)</u>

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the General Fund. For the business type activities, the total OPEB liability is liquidated by the water and sewer fund, drainage utility district fund, municipal airport fund, municipal golf course fund, and solid waste and equipment services fund.

Note 15. Commitments and Contingent Liabilities

Encumbrances

As discussed in *Note 1, Summary of Significant Accounting Policies - Encumbrances*, encumbrances are commitments related to underperformed contracts for goods or services (*i.e.*, purchase orders). At year end, the encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

Fund/Program	Encumbrance
General	\$ 212,092
4B	3,277,715
Housing and Urban Development	557
Hotel Occupancy Tax	278
Confiscated - State	241,705
Confiscated - Federal	256,362
Grants	8,692,608
Grants - Disasters	1,087,885
Contribution	4,045
Citizen Contribution 50/50 Program	1,585
TIRZ 2 Town Centre	35,715
TIRZ Skyline	2,056,891
TIRZ 14 Alcott Logistics	23,200
Local Finance	109,694
Bond Finance	26,786,323
Water/Sewer	5,973,581
Solid Waste and Equipment Services	32,001
Drainage Utility District	2,668,802
Golf	104,050
Group Medical Insurance	3,000
General Liability	30,088
	<u>\$ 51,598,177</u>

Pending Litigation

Various lawsuits pending against the City involve claims relating to general liability, automobile liability, workers' compensation, civil rights action, and various contractual matters. In the opinion of the City's management, the outcome of the pending litigation will not have a material adverse effect on the City's financial position or operations.

Arbitrage Rebate Requirements

The *Tax Reform Act of 1986* imposes a rebate requirement with respect to some bonds issued by the City. Under this requirement, an amount equal to the sum of: (a) the excess of the aggregate amount earned on all investments over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds and (b) any income earned on the excess described in (a) is required to be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from federal taxation. Regulations implementing the rebate requirement were released by the Internal Revenue Service on May 12, 1989. Rebateable arbitrage is computed as of each installment computation date. No rebate liability was due to the federal government as of the last computation date.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Federal and State Grants

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Conduit Debt Obligations

From time to time, various legally separate component units of the City have issued bonded debt obligations to provide financial assistance to private-sector entities. The bonds were issued to acquire and construct medical and health facilities (Mesquite Health Facilities Corporation) and multihousing developments (Mesquite Housing Finance Corporation). The bonds are secured by the property financed and are payable solely from payments received on the underlying debt obligations. Even though some of the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit debt by component unit at September 30, 2024, is as follows.

Series	Mesquite Housing Finance Corporation	Mesquite Health Facilities Corporation
2014	\$ -	\$ 27,815,000
2016	-	21,315,000
2024	37,000,000	-
2024A	41,700,000	-
Total	<u>\$ 78,700,000</u>	<u>\$ 49,130,000</u>

Contingent Liability for Service Agreement

The City entered into separate agreements with the North Texas Municipal Water District (District) and Kingsborough Municipal Utility District Nos. 1, 2, 3, 4, and 5 (MUDs) to provide sewer service within the City's extraterritorial jurisdiction. As a member city of the District, the City's involvement was required to develop capacity for a wastewater service requirement of 13.1 million gallons per day to service the area. The District has agreed to construct and operate a project known as the Lower East Fork Sewer Interceptor System and obtained financing on August 24, 2006 in the amount of \$19,190,000. The City's share of the debt service payments on the project is \$105,584 per month over 20 years and is being passed through to the MUDs. The City is not liable for this debt. As additional security for the payments due the City, the MUDs agreed to establish, levy, and collect an ad valorem tax on all taxable property within the MUDs.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Note 16. Fund Balances

Minimum Fund Balance Policy

The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund. The target level is set at 60 days of General Fund budgeted annual revenues (working capital.) This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. Per the policy, the City acknowledges that initially, the General Fund may not meet the requirements for the working capital days but will be considered compliant as long as the financial position shows continuous improvement each fiscal year.

Details of the Governmental Funds fund balances (deficit) as of year-end are as follows:

Description	General Fund	Local Finance	Bond Finance	Debt Service	Other Grants	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 1,008,566	\$ -	\$ -	\$ -	\$ -	\$ 58,280	\$ 1,066,846
Inventory	1,301,059	-	-	-	-	-	1,301,059
Long-term note receivable	804,560	792,904	-	-	-	-	1,597,464
Total Nonspendable	3,114,185	792,904	-	-	-	58,280	3,965,369
Restricted:							
Debt service	-	-	-	5,846,508	-	-	5,846,508
Housing and community services	-	-	-	-	-	3,612,833	3,612,833
4B sales tax projects	-	-	-	-	-	19,653,767	19,653,767
Promotion of tourism	-	-	-	-	-	2,704,580	2,704,580
Historic preservation activities	-	-	-	-	-	317,494	317,494
Preservation activities	-	-	-	-	-	129,756	129,756
Law enforcement	-	-	-	-	-	3,322,291	3,322,291
Capital projects	-	-	74,647,273	-	-	-	74,647,273
Community access projects	-	-	-	-	-	678,287	678,287
Road surface repairs	-	14,258,019	-	-	-	-	14,258,019
Tax Increment Financing Districts	-	5,897,249	-	-	-	-	5,897,249
Public Improvement Districts	-	5,509,547	-	-	-	-	5,509,547
Hike and Bike Trail	-	45,653	-	-	-	-	45,653
Developer's deposits	-	1,780,131	-	-	-	-	1,780,131
Capital replacement	-	1,014,824	-	-	-	-	1,014,824
Citizen 50/50 plan and parks improvement	-	-	-	-	-	1,211,679	1,211,679
Local finance capital projects	-	1,519,764	-	-	-	-	1,519,764
Public safety, notification, & technology improvement	-	-	-	-	-	2,170,325	2,170,325
Total Restricted	-	30,025,187	74,647,273	5,846,508	-	33,801,012	144,319,980
Assigned:							
Other general government	212,092	-	-	-	-	-	212,092
Other local finance capital projects	-	16,740,519	-	-	-	-	16,740,519
Other special revenue	-	-	-	-	-	916,576	916,576
Total Assigned	212,092	16,740,519	-	-	-	916,576	17,869,187
Unassigned							
	35,188,412	-	-	-	(4,204,851)	-	30,983,561
Total Fund Balances (Deficit)	\$ 38,514,689	\$ 47,558,610	\$ 74,647,273	\$ 5,846,508	\$ (4,204,851)	\$ 34,775,868	\$ 197,138,097

Note 17. Tax Abatement Disclosures

The City of Mesquite enters into sales tax and property tax abatement agreements with desired businesses under the authority of Chapter 380 of the Texas Local Government Code. These businesses may be manufacturing, office, retail, commercial, or mixed-use projects. The agreements allow the City to refund a portion of property taxes and sales taxes paid, issue incentive payments, and/or reduce fees. The offer of an incentive is tied to an analysis of the impact on community services and to the goals of the community as established by the Mesquite City Council. The City Council has final authority on the implementation of City business incentives.

The City will consider an application for an economic development incentive for any project that would attract new business or industry to the City and/or for any project involving the expansion, modernization, and/or retention of an existing business. However, the City will not grant an incentive unless it will benefit the City and will accomplish the public purpose of promoting local economic development and stimulating business and commercial activity in the City. In the event of default on an agreement, the City does include a clawback provision in the contract.

For the fiscal year ended September 30, 2024, the City of Mesquite had twenty-six economic development agreements that included sales and/or property tax abatement provisions. In total, \$169,740 in sales tax and \$1,310,385 in property tax was abated.

In addition to tax abatements, the City occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The City has agreed to reimburse the right-of-way purchase price for the construction of a 200,000 square feet industrial building and completion of a nearby road project.
- The City has agreed to provide a grant related to capital investments to refurbish a retail center.
- The City has agreed to provide a credit for the Park Land Dedication fee for the construction of a 228 unit Affordable Multifamily Rental Housing Complex and funding of intersection improvements.

City of Mesquite, Texas
Notes to Financial Statements
September 30, 2024

Note 18: Change within the Financial Reporting Entity

The City previously reported activity related to residential waste services provided to citizens within the General Fund. However, the City began providing commercial waste services as well as residential services in February 2024 and analyzed the activities together as one service, noting the activities qualified as a business-type activity as revenues are generated through user fees. The activities are reported in the Solid Waste and Equipment Services fund for the year ended September 30, 2024. Existing capital assets previously reported under Governmental Activities were transferred to the new enterprise fund to begin operations. The effects of that change within the financial reporting entity are shown in the table below.

	10/1/2023 As Previously Reported	Change within the Financial Reporting Entity	10/1/2023 As Restated
Government-Wide			
Governmental Activities	151,305,205	(7,013,664)	144,291,541
Business-Type Activities	297,699,740	7,013,664	304,713,404
Total Primary Government	\$ 449,004,945	\$ -	\$ 449,004,945
Proprietary Funds			
Major Funds:			
Water and Sewer Fund	217,809,662	-	217,809,662
Drainage Utility District Fund	61,573,846	-	61,573,846
Solid Waste and Equipment Services Fund	-	7,013,664	7,013,664
Nonmajor Funds	16,829,114	-	16,829,114
Total Proprietary Funds	\$ 296,212,622	\$ 7,013,664	\$ 303,226,286

Note 19: Subsequent Events

In October 2024, the City issued \$5,435,000 Special Assessment Revenue Bonds, Series 2024. The purpose of the Special Assessment Revenue Bonds, Series 2024 are for the funding a portion of improvement project costs and funding the Bond Reserve Account for the Reserve Fund.

In May 2025, the City issued \$16,475,000 Waterworks and Sewer System Revenue Bonds, Series 2025. The purpose of the Waterworks and Sewer System Revenue Bonds, Series 2025 are for acquiring, constructing, installing and equipping additions, improvements and extensions to the System and funding the Reserve Fund requirement for the Series 2025 Bonds.

In May 2025, the City issued \$3,550,000 Municipal Drainage Utility System Revenue Bonds, Series 2025. The purpose of the Municipal Drainage Utility System Revenue Bonds, Series 2025 are for providing funds for improvements, additions, and extensions to the drainage system and to fund the additional amount required to be accumulated in the Reserve Fund as a result of the issuance of the Bonds.

Subsequent events have been evaluated through June 27, 2025, which is the date the financial statements were issued.

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Required Supplementary Information (Unaudited)

City of Mesquite, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System (TMRS)

Measurement Date December 31,	2014	2015	2016
Total Pension Liability:			
Service cost	\$ 10,206,837	\$ 11,282,680	\$ 11,607,011
Interest (on the Total Pension Liability)	32,088,206	33,164,585	33,628,738
Difference between expected and actual experience	(5,189,415)	(721,632)	(265,481)
Change in assumptions	-	3,677,030	-
Benefit payments, including refunds of employee contributions	<u>(21,934,850)</u>	<u>(22,598,587)</u>	<u>(23,683,590)</u>
Net Change in Total Pension Liability	15,170,778	24,804,076	21,286,678
Total Pension Liability - Beginning	<u>464,266,956</u>	<u>479,437,734</u>	<u>504,241,810</u>
Total Pension Liability - Ending	<u>479,437,734</u>	<u>504,241,810</u>	<u>525,528,488</u>
Plan Fiduciary Net Position:			
Contributions - employer	6,999,796	7,390,890	7,083,990
Contributions - employee	4,533,599	4,872,185	4,819,479
Net investment income	21,993,586	584,061	26,059,766
Benefit payments, including refunds of employee contributions	(21,934,850)	(22,598,587)	(23,683,590)
Administrative expense	(229,654)	(355,783)	(294,412)
Other	<u>(18,881)</u>	<u>(17,572)</u>	<u>(15,862)</u>
Net Change in Plan Fiduciary Net Position	11,343,596	(10,124,806)	13,969,371
Plan Fiduciary Net Position - Beginning	<u>384,514,157</u>	<u>395,857,753</u>	<u>385,732,947</u>
Plan Fiduciary Net Position - Ending	<u>395,857,753</u>	<u>385,732,947</u>	<u>399,702,318</u>
Net Pension Liability - Ending	<u>\$ 83,579,981</u>	<u>\$ 118,508,863</u>	<u>\$ 125,826,170</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.57%	76.50%	76.06%
Covered Payroll	\$ 64,709,631	\$ 69,261,386	\$ 68,843,479
Net Pension Liability as a Percentage of Covered Payroll	129.16%	171.10%	182.77%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

This schedule is presented to illustrate the requirement to show information for 10 years.

	2017	2018	2019	2020	2021	2022	2023
\$	15,375,279	\$ 12,586,575	\$ 12,997,794	\$ 13,645,453	\$ 14,316,113	\$ 14,760,055	\$ 15,827,293
	35,019,294	36,211,912	37,502,061	39,075,390	40,422,535	42,462,653	44,489,647
	(3,377,576)	(2,963,966)	572,628	(1,726,074)	8,784,694	7,427,828	2,805,308
	-	-	276,896	-	-	-	(3,920,787)
	<u>(28,823,538)</u>	<u>(27,084,928)</u>	<u>(26,768,688)</u>	<u>(29,960,583)</u>	<u>(32,784,202)</u>	<u>(34,258,490)</u>	<u>(36,050,742)</u>
	18,193,459	18,749,593	24,580,691	21,034,186	30,739,140	30,392,046	23,150,719
	<u>525,528,488</u>	<u>543,721,947</u>	<u>562,471,540</u>	<u>587,052,231</u>	<u>608,086,417</u>	<u>638,825,557</u>	<u>669,217,603</u>
	<u>543,721,947</u>	<u>562,471,540</u>	<u>587,052,231</u>	<u>608,086,417</u>	<u>638,825,557</u>	<u>669,217,603</u>	<u>692,368,322</u>
	8,804,273	10,072,245	12,712,890	15,701,042	15,101,244	16,361,781	18,446,723
	5,010,566	5,222,645	5,390,080	5,559,847	5,846,721	6,028,927	6,456,355
	55,376,389	(13,163,050)	64,021,550	35,598,854	64,614,181	(39,989,027)	57,385,013
	<u>(28,823,538)</u>	<u>(27,084,928)</u>	<u>(26,768,688)</u>	<u>(29,960,583)</u>	<u>(32,784,202)</u>	<u>(34,258,490)</u>	<u>(36,050,742)</u>
	(287,093)	(254,593)	(362,128)	(230,619)	(299,297)	(346,577)	(365,854)
	<u>(14,550)</u>	<u>(13,301)</u>	<u>(10,878)</u>	<u>(8,998)</u>	<u>2,049</u>	<u>413,570</u>	<u>(2,557)</u>
	40,066,047	(25,220,982)	54,982,826	26,659,543	52,480,696	(51,789,816)	45,868,938
	<u>399,702,318</u>	<u>439,768,365</u>	<u>414,547,383</u>	<u>469,530,209</u>	<u>496,189,752</u>	<u>548,670,448</u>	<u>496,880,632</u>
	<u>439,768,365</u>	<u>414,547,383</u>	<u>469,530,209</u>	<u>496,189,752</u>	<u>548,670,448</u>	<u>496,880,632</u>	<u>542,749,570</u>
\$	<u>103,953,582</u>	<u>147,924,157</u>	<u>117,522,022</u>	<u>111,896,665</u>	<u>90,155,109</u>	<u>172,336,971</u>	<u>149,618,752</u>
	80.88%	73.70%	79.98%	81.60%	85.89%	74.25%	78.39%
\$	71,579,511	\$ 74,609,215	\$ 77,001,149	\$ 79,426,386	\$ 83,524,582	\$ 86,114,671	\$ 92,233,643
	145.23%	198.27%	152.62%	140.88%	107.94%	200.12%	162.22%

City of Mesquite, Texas
Schedule of Employer Contributions
Texas Municipal Retirement System (TMRS)

Fiscal Year Ended September 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 7,094,555	\$ 7,128,122	\$ 8,324,268	\$ 9,712,228
Contribution in relation of the actuariallydetermined contribution	<u>7,094,555</u>	<u>7,128,122</u>	<u>8,324,268</u>	<u>9,712,228</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 66,484,370	\$ 68,679,246	\$ 70,725,844	\$ 73,676,746
Contributions as a percentage of covered payroll	10.67%	10.38%	11.77%	13.18%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
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).

Other Information:

Notes Granted 50% retroactive ad hoc COLA

This schedule is presented to illustrate the requirement to show information for 10 years.

2018	2019	2020	2021	2022	2023	2024
\$ 9,712,228	\$ 11,983,043	\$ 13,357,350	\$ 14,936,043	\$ 16,424,780	\$ 17,989,932	\$ 21,037,734
<u>9,712,228</u>	<u>11,983,043</u>	<u>13,357,350</u>	<u>16,936,043</u>	<u>16,424,780</u>	<u>17,989,932</u>	<u>21,037,734</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 73,676,746	\$ 76,307,643	\$ 86,871,793	\$ 85,188,559	\$ 92,951,624	\$ 102,939,468	\$ 112,775,636
13.18%	15.70%	15.38%	19.88%	17.67%	17.48%	18.65%

City of Mesquite, Texas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health

Measurement Date December 31,	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability:							
Service cost	\$ 748,034	\$ 770,475	\$ 909,005	\$ 1,005,581	\$ 879,226	\$ 533,890	\$ 524,168
Interest (on the Total OPEB Liability)	1,349,945	969,513	896,300	866,914	857,976	1,382,919	1,431,059
Difference between expected and actual experience	(674,886)	(2,617,929)	(5,978,499)	1,666,631	924,298	(135,173)	(289,785)
Change in assumptions	-	4,251,618	4,786,230	1,171,007	(8,928,353)	(979,162)	112,360
Benefit payments	(1,906,839)	(928,850)	(2,160,396)	(1,700,850)	(1,050,563)	(1,365,814)	(1,161,209)
Net Change in Total OPEB Liability	(483,746)	2,444,827	(1,547,360)	3,009,283	(7,317,416)	(563,340)	616,593
Total OPEB Liability - Beginning	35,451,985	34,968,239	37,413,066	35,865,706	38,874,989	31,557,573	30,994,233
Total OPEB Liability - Ending	\$ 34,968,239	\$ 37,413,066	\$ 35,865,706	\$ 38,874,989	\$ 31,557,573	\$ 30,994,233	\$ 31,610,826
Covered Employee Payroll	\$ 64,280,893	\$ 66,209,320	\$ 67,962,447	\$ 70,001,320	\$ 74,955,604	\$ 77,204,272	\$ 89,509,754
Total OPEB Liability as a Percentage of Covered-Employee Payroll	54.40%	56.51%	52.77%	55.53%	42.10%	40.15%	35.32%

Notes to Schedule:

Changes of Benefit Terms:

None

Changes of Assumptions:

1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.83%
2019	2.75%
2020	2.41%
2021	2.19%
2022	4.40%
2023	4.63%
2024	4.06%

2) The following are the Mortality Rates used in each period:

2018	RPH-2014 Blue Collar with static projection to 2048 using scale MP-2018
2019	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019
2020	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Retiree Generational with MP-2020
2021 - 2024	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Retiree Generational with MP-2021

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (September 30).

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**Combining and Individual Fund Statements and Schedules
(Unaudited)**

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City of Mesquite, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment income	\$ 188,000	\$ 188,000	\$ 560,282	\$ 372,282
Total revenues	188,000	188,000	560,282	372,282
Expenditures				
Debt service:				
Principal	23,155,000	23,155,000	22,190,000	965,000
Interest and fiscal charges	11,418,330	11,418,330	10,614,185	804,145
Bond issuance costs	11,000	11,000	20,212	(9,212)
Total expenditures	34,584,330	34,584,330	32,824,397	1,759,933
Deficiency of Revenues Under Expenditures	(34,396,330)	(34,396,330)	(32,264,115)	(1,387,651)
Other Financing Sources (uses)				
Transfers in	34,391,350	34,391,350	34,456,908	65,558
Total other financing sources (uses)	34,391,350	34,391,350	34,456,908	(65,558)
Net Change in Fund Balance	\$ (4,980)	\$ (4,980)	2,192,793	\$ (1,453,209)
Fund Balance at Beginning of Year			<u>3,653,715</u>	
Fund Balance at End of Year			<u>\$ 5,846,508</u>	

City of Mesquite, Texas
Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

Individual nonmajor special revenue funds maintained are as follows:

- Hotel/Motel Tax Fund - to account for funds received from a tax on the cost of occupancy in area hotels and motels, the revenues of which may be expended to promote tourism and the convention and hotel industry.
- Confiscated Drug Fund - to account for funds awarded as a result of court forfeitures of contraband pursuant to Chapter 59 of the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.
- Mesquite Quality of Life Corporation (4B Sales Tax) Fund - to account for funds received from a one-half of one percent general sales tax, which can be utilized for public safety, transportation or parks and recreation purposes.
- Other Special Revenue Funds - to account for other miscellaneous nonmajor special revenue activities including 9-1-1 emergency service, court technology, recreation user programs, donation accounts, and blended component unit activities related to preserving historic City-owned properties and activities related to City initiatives to preserve the beauty of the City.
- The Housing Grants special revenue fund is used to account for funds awarded the City by the United States Department of Housing and Urban Development (HUD) under their housing assistance program (HAP).

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City of Mesquite, Texas
Combining Balance Sheet
Governmental Funds - Nonmajor Governmental Funds
September 30, 2024

	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Special Revenue
Assets				
Pooled cash and investments	\$ 2,779,000	\$ 1,776,640	\$ 17,460,148	\$ 6,988,202
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	12,500	-	54,725
Other taxes receivable	-	-	-	26,915
Intergovernmental	22	-	2,550,542	-
Prepays and other assets	12,500	26,932	-	-
Accrued interest	2,748	2,477	16,511	4,458
Total assets	<u>\$ 2,794,270</u>	<u>\$ 1,818,549</u>	<u>\$ 20,027,201</u>	<u>\$ 7,074,300</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 77,190	\$ 78,447	\$ 311,449	\$ 38,614
Retainage payable	-	-	61,985	2,448
Total liabilities	<u>77,190</u>	<u>78,447</u>	<u>373,434</u>	<u>41,062</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	12,500	26,932	-	-
Restricted	2,704,580	1,713,170	19,653,767	6,116,662
Assigned	-	-	-	916,576
Total fund balances	<u>2,717,080</u>	<u>1,740,102</u>	<u>19,653,767</u>	<u>7,033,238</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,794,270</u>	<u>\$ 1,818,549</u>	<u>\$ 20,027,201</u>	<u>\$ 7,074,300</u>

Housing Grants	Total Nonmajor Governmental Funds
\$ 3,684,074	\$ 32,688,064
174,345	241,570
-	26,915
-	2,550,564
18,848	58,280
3,592	29,786
<u>\$ 3,880,859</u>	<u>\$ 35,595,179</u>

\$ 74,833	\$ 580,533
-	64,433
<u>74,833</u>	<u>644,966</u>

<u>174,345</u>	<u>174,345</u>
<u>174,345</u>	<u>174,345</u>

18,848	58,280
3,612,833	33,801,012
-	916,576
<u>3,631,681</u>	<u>34,775,868</u>

<u>\$ 3,880,859</u>	<u>\$ 35,595,179</u>
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City of Mesquite, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Governmental Funds
Year Ended September 30, 2024

	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Special Revenue
Revenues				
Sales tax	\$ 1,990,388	\$ -	\$ 15,234,416	\$ 147,056
Licenses and permits	-	-	-	771,880
Fines and forfeitures	-	1,089,384	-	1,250,673
Investment income	146,276	138,373	869,752	199,640
Charges for services	-	-	-	1,201,028
Special assessments	-	-	-	366,866
Intergovernmental	-	-	-	794,404
Other revenues	-	-	-	482,389
Total revenues	<u>2,136,664</u>	<u>1,227,757</u>	<u>16,104,168</u>	<u>5,213,936</u>
Expenditures				
Current:				
General government	1,386,085	-	460,000	358,674
Fire services	-	-	7,205	4,438
Police services	-	935,699	-	261,835
Public works	-	-	203,204	96,808
Planning and community development	229,355	-	-	210,951
Library services	-	-	-	5,216
Parks and recreation	-	-	6,458,760	55,524
Housing and community services	-	-	-	66,509
Capital outlay	-	190,000	5,510,864	-
Debt Service:				
Principal	-	52,423	-	-
Interest and fiscal charges	-	884	-	-
Total expenditures	<u>1,615,440</u>	<u>1,179,006</u>	<u>12,640,033</u>	<u>1,059,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>521,224</u>	<u>48,751</u>	<u>3,464,135</u>	<u>4,153,981</u>
Other Financing Sources (Uses)				
Transfers out	(398,890)	-	(1,385,610)	(1,045,000)
Total other financing sources (uses)	<u>(398,890)</u>	<u>-</u>	<u>(1,385,610)</u>	<u>(1,045,000)</u>
Net Change in Fund Balances	122,334	48,751	2,078,525	3,108,981
Fund Balances, Beginning of Year	<u>2,594,746</u>	<u>1,691,351</u>	<u>17,575,242</u>	<u>3,924,257</u>
Fund Balances, End of Year	<u>\$ 2,717,080</u>	<u>\$ 1,740,102</u>	<u>\$ 19,653,767</u>	<u>\$ 7,033,238</u>

Housing Grants	Total Nonmajor Governmental Funds
\$ -	\$ 17,371,860
-	771,880
11,516	2,351,573
211,492	1,565,533
-	1,201,028
-	366,866
22,678,753	23,473,157
<u>24,454</u>	<u>506,843</u>
<u>22,926,215</u>	<u>47,608,740</u>
-	2,204,759
-	11,643
-	1,197,534
-	300,012
-	440,306
-	5,216
-	6,514,284
21,994,628	22,061,137
-	5,700,864
-	52,423
-	<u>884</u>
<u>21,994,628</u>	<u>38,489,062</u>
<u>931,587</u>	<u>9,119,678</u>
-	<u>(2,829,500)</u>
-	<u>(2,829,500)</u>
931,587	6,290,178
<u>2,700,094</u>	<u>28,485,690</u>
<u>\$ 3,631,681</u>	<u>\$ 34,775,868</u>

City of Mesquite, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Hotel/Motel Tax Special Revenue Fund
Year Ended September 30, 2024
With Comparative Actual Totals for Year Ended September 30, 2023

	2024				2023 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final			
Revenues					
Hotel/Motel Sales Tax	\$ 2,014,000	\$ 2,014,000	\$ 1,990,388	\$ (23,612)	\$ 1,869,818
Investment income	75,000	\$ 150,000	146,276	(3,724.00)	106,877
Total revenues	<u>2,089,000</u>	<u>2,164,000</u>	<u>2,136,664</u>	<u>(27,336)</u>	<u>1,976,695</u>
Expenditures					
Current:					
General government	1,689,520	1,528,190	1,386,085	142,105	1,348,588
Planning and community development	240,570	237,710	229,355	8,355	211,304
Total expenditures	<u>1,930,090</u>	<u>1,765,900</u>	<u>1,615,440</u>	<u>150,460</u>	<u>1,559,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>158,910</u>	<u>398,100</u>	<u>521,224</u>	<u>(177,796)</u>	<u>416,803</u>
Other Financing Sources (uses)					
Transfer out	<u>(398,890)</u>	<u>(398,890)</u>	<u>(398,890)</u>	<u>-</u>	<u>(398,890)</u>
Total other financing sources (uses)	<u>(398,890)</u>	<u>(398,890)</u>	<u>(398,890)</u>	<u>-</u>	<u>(398,890)</u>
Net Change in Fund Balance	<u>\$ (239,980)</u>	<u>\$ (790)</u>	<u>122,334</u>	<u>\$ (177,796)</u>	<u>17,913</u>
Fund Balance at Beginning of Year			<u>2,594,746</u>		<u>2,576,833</u>
Fund Balance at End of Year			<u>\$ 2,717,080</u>		<u>\$ 2,594,746</u>

City of Mesquite, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Confiscated Drug Special Revenue Fund
Year Ended September 30, 2024
With Comparative Actual Totals for Year Ended September 30, 2023

	2024				2023 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final			
Revenues					
Fines and forfeitures	\$ 200,000	\$ 475,000	\$ 1,089,384	\$ 614,384	\$ 1,062,362
Investment income (loss)	7,500	90,000	138,373	48,373.00	108,679
Total revenues	207,500	565,000	1,227,757	662,757	1,171,041
Expenditures					
Police services	340,800	484,219	935,699	(451,480)	886,274
Debt Service:					
Principal	-	-	52,423	(52,423)	52,028
Interest and fiscal charges	-	-	884	(884)	1,279
Capital outlay	150,000	960,643	190,000	770,643	76,634
Total expenditures	490,800	1,444,862	1,179,006	265,856	1,016,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(283,300)	(879,862)	48,751	928,613	154,826
Net Change in Fund Balance	\$ (283,300)	\$ (879,862)	48,751	\$ 928,613	154,826
Fund Balance at Beginning of Year			1,691,351		1,536,525
Fund Balance at End of Year			\$ 1,740,102		\$ 1,691,351

City of Mesquite, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Mesquite Quality of Life Corporation (4B Sales Tax)
Special Revenue Fund
Year Ended September 30, 2024
With Comparative Actual Totals for Year Ended September 30, 2023

	2024				2023 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final			
Revenues					
Sales tax	\$ 15,000,000	\$ 15,000,000	\$ 15,234,416	\$ 234,416	\$ 15,297,927
Investment income	336,000	700,000	869,752	169,752	513,061
Other revenues	-	50,000	-	(50,000)	-
Total revenues	<u>15,336,000</u>	<u>15,750,000</u>	<u>16,104,168</u>	<u>354,168</u>	<u>15,810,988</u>
Expenditures					
Current:					
General government	460,000	460,000	460,000	-	417,000
Fire services	136,500	83,252	7,205	76,047	5,449
Public works	-	-	203,204	(203,204)	117,223
Parks and recreation	10,798,730	19,237,977	6,458,760	12,779,217	6,217,015
Capital outlay	262,500	2,566,143	5,510,864	(2,944,721)	2,143,365
Total expenditures	<u>11,657,730</u>	<u>22,347,372</u>	<u>12,640,033</u>	<u>9,707,339</u>	<u>8,900,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,678,270</u>	<u>(6,597,372)</u>	<u>3,464,135</u>	<u>10,061,507</u>	<u>6,910,936</u>
Other Financing Sources (uses)					
Transfers out	<u>(1,385,610)</u>	<u>(1,385,610)</u>	<u>(1,385,610)</u>	<u>-</u>	<u>(2,334,760)</u>
Total other financing sources (uses)	<u>(1,385,610)</u>	<u>(1,385,610)</u>	<u>(1,385,610)</u>	<u>-</u>	<u>(2,334,760)</u>
Net Change in Fund Balance	<u>\$ 2,292,660</u>	<u>\$ (7,982,982)</u>	<u>2,078,525</u>	<u>\$ 10,061,507</u>	<u>4,576,176</u>
Fund Balance at Beginning of Year			<u>17,575,242</u>		<u>12,999,066</u>
Fund Balance at End of Year			<u>\$ 19,653,767</u>		<u>\$ 17,575,242</u>

City of Mesquite, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Housing Grants Special Revenue Fund
Year Ended September 30, 2024
With Comparative Actual Totals for Year Ended September 30, 2023

	2024				2023 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final			
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ 11,516	\$ 11,516	\$ -
Investment income	82,000	82,000	211,492	129,492	114,723
Intergovernmental	20,866,010	21,348,010	22,678,753	1,330,743	19,118,051
Other revenues	-	-	24,454	24,454	38,688
Total revenues	<u>20,948,010</u>	<u>21,430,010</u>	<u>22,926,215</u>	<u>1,496,205</u>	<u>19,271,462</u>
Expenditures					
Housing and community services	20,663,870	21,113,870	21,994,628	(880,758)	19,059,663
Capital Outlay	-	-	-	-	53,006
Total expenditures	<u>20,663,870</u>	<u>21,113,870</u>	<u>21,994,628</u>	<u>(880,758)</u>	<u>19,112,669</u>
Net Change in Fund Balance	<u>\$ 284,140</u>	<u>\$ 316,140</u>	<u>931,587</u>	<u>\$ 2,376,963</u>	<u>158,793</u>
Fund Balance at Beginning of Year			<u>2,700,094</u>		<u>2,541,301</u>
Fund Balance at End of Year			<u>\$ 3,631,681</u>		<u>\$ 2,700,094</u>

City of Mesquite, Texas
Nonmajor Enterprise Funds

Enterprise Funds

Enterprise funds are a proprietary fund type used to account for activities that involve business-like interactions. Enterprise funds are used to account for any activity for which external users are charged a fee for goods and services.

The following are the City's two nonmajor enterprise funds:

- Municipal Airport Fund - to account for funds generated by the aeronautical activities at the airport such as fuel sales, hanger rentals, leases, and other activities. The airport operates as a general aviation reliever airport for the Dallas-Ft. Worth system mainly serving corporate and general aviation activities.
- Municipal Golf Course Fund - to account for funds received from user fees for the golf course, pro shop, and concessions. The City owns and operates the 154-acre, 18-hole public facility.

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City of Mesquite, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2024

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Pooled cash and investments	\$ 160,471	\$ 1,009,076	\$ 1,169,547
Receivables (net of allowance for uncollectibles)	71,787	-	71,787
Inventory	50,840	8,411	59,251
Accrued interest	425	1,076	1,501
	<u>283,523</u>	<u>1,018,563</u>	<u>1,302,086</u>
Total current assets			
Noncurrent assets			
Capital and lease assets:			
Land and construction in progress	7,967,842	1,502,903	9,470,745
Other capital assets (net of accumulated depreciation/amortization)	9,172,437	2,206,463	11,378,900
	<u>17,140,279</u>	<u>3,709,366</u>	<u>20,849,645</u>
Total noncurrent assets			
Total assets	<u>17,423,802</u>	<u>4,727,929</u>	<u>22,151,731</u>
Deferred Outflows of Resources			
Deferred pension contributions	83,227	83,227	166,454
Difference in investment earnings - pension	69,542	69,542	139,084
Difference in projected and actual earnings on pension assets	46,259	46,259	92,518
Difference in assumption changes - OPEB	506	506	1,012
	<u>199,534</u>	<u>199,534</u>	<u>399,068</u>
Total deferred outflows of resources			
Liabilities			
Current liabilities			
Accounts payable	22,605	351,963	374,568
Due to other funds	795,000	-	795,000
Deposits and other liabilities	66,758	-	66,758
Lease liability	34,315	126,920	161,235
Total other postemployment benefit liability	5,963	5,963	11,926
Retainage payable	44,673	-	44,673
Accrued interest payable	-	292	292
	<u>969,314</u>	<u>485,138</u>	<u>1,454,452</u>
Total current liabilities			

City of Mesquite, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2024

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
Noncurrent liabilities			
Lease liability	40,223	253,568	293,791
Accrued compensated absences	57,674	161,132	218,806
Net pension liability	748,094	748,094	1,496,188
Total other postemployment benefit liability	<u>152,091</u>	<u>152,091</u>	<u>304,182</u>
Total noncurrent liabilities	<u>998,082</u>	<u>1,314,885</u>	<u>2,312,967</u>
Total liabilities	<u>1,967,396</u>	<u>1,800,023</u>	<u>3,767,419</u>
Deferred Inflows of Resources			
Difference in expected and actual pension experience	1,408	1,408	2,816
Difference in expected and actual OPEB experience	1,755	1,755	3,510
Difference in assumptions - pension	15,055	15,055	30,110
Difference in assumptions - OPEB	<u>3,264</u>	<u>3,264</u>	<u>6,528</u>
Total deferred inflows of resources	<u>21,482</u>	<u>21,482</u>	<u>42,964</u>
Net Position			
Net investment in capital assets	17,021,068	3,328,878	20,349,946
Unrestricted	<u>(1,386,610)</u>	<u>(222,920)</u>	<u>(1,609,530)</u>
Total net position	<u>\$ 15,634,458</u>	<u>\$ 3,105,958</u>	<u>\$ 18,740,416</u>

City of Mesquite, Texas
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2024

	<u>Municipal Airport</u>	<u>Municipal Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues			
Customer charges	\$ 3,041,353	\$ 1,573,879	\$ 4,615,232
Total operating revenues	<u>3,041,353</u>	<u>1,573,879</u>	<u>4,615,232</u>
Operating Expenses			
Personnel services	751,213	851,930	1,603,143
Supplies	1,391,737	170,103	1,561,840
Contractual services	398,653	392,957	791,610
Depreciation and amortization	<u>546,592</u>	<u>339,229</u>	<u>885,821</u>
Total operating expenses	<u>3,088,195</u>	<u>1,754,219</u>	<u>4,842,414</u>
Operating Loss	<u>(46,842)</u>	<u>(180,340)</u>	<u>(227,182)</u>
Nonoperating Revenues (Expenses)			
Investment income	23,365	60,712	84,077
Gain or loss on sale of capital assets	7,493	-	7,493
Other nonoperating income	100,000	-	100,000
Interest expense and fiscal charges	<u>(684)</u>	<u>(12,429)</u>	<u>(13,113)</u>
Total nonoperating revenues (expenses)	<u>130,174</u>	<u>48,283</u>	<u>178,457</u>
Loss Before Transfers	<u>83,332</u>	<u>(132,057)</u>	<u>(48,725)</u>
Transfers in	-	50,000	50,000
Transfers out	<u>(318,150)</u>	<u>-</u>	<u>(318,150)</u>
Change in Net Position	<u>(234,818)</u>	<u>(82,057)</u>	<u>(316,875)</u>
Net Position, Beginning of Year	<u>15,869,276</u>	<u>3,188,015</u>	<u>19,057,291</u>
Net Position, End of Year	<u>\$ 15,634,458</u>	<u>\$ 3,105,958</u>	<u>\$ 18,740,416</u>

City of Mesquite, Texas
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended September 30, 2024

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 3,008,862	\$ 1,642,191	\$ 4,651,053
Payments to suppliers and service providers	(1,061,994)	(317,642)	(1,379,636)
Payments to employees for salaries and benefits	(732,929)	(861,966)	(1,594,895)
	<u>1,213,939</u>	<u>462,583</u>	<u>1,676,522</u>
Net Cash Provided by Operating Activities			
Cash Flows From Noncapital Financing Activities:			
Transfers to other funds	(318,150)	-	(318,150)
Transfers from other funds	-	50,000	50,000
Payments from nonoperating grants	100,000	-	100,000
	<u>(218,150)</u>	<u>50,000</u>	<u>(168,150)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities			
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(986,414)	(546,596)	(1,533,010)
Principal payments on capital debt and leases	(34,056)	(123,368)	(157,424)
Interest payments on capital debt and leases	(684)	(13,330)	(14,014)
Proceeds from sale of capital assets	7,493	-	7,493
	<u>(1,013,661)</u>	<u>(683,294)</u>	<u>(1,696,955)</u>
Net Cash (Used for) Capital and Related Financing Activities			
Cash Flows From Investing Activities:			
Investment income on cash and cash equivalents	23,756	61,651	85,407
	<u>23,756</u>	<u>61,651</u>	<u>85,407</u>
Net Cash Provided by Investing Activities			
Net Increase (Decrease) in Pooled Cash and Cash Equivalents			
	5,884	(109,060)	(103,176)
Pooled Cash and Cash Equivalents at Beginning of Year			
	<u>154,587</u>	<u>1,118,136</u>	<u>1,272,723</u>
Pooled Cash and Cash Equivalents at End of Year			
	<u>\$ 160,471</u>	<u>\$ 1,009,076</u>	<u>\$ 1,169,547</u>

City of Mesquite, Texas
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended September 30, 2024

	Municipal Airport	Municipal Golf Course	Nonmajor Enterprise Funds
Reconciliation of Operating Loss			
to Net Cash Provided by Operating			
Activities:			
Operating loss	\$ (46,842)	\$ (180,340)	\$ (227,182)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	546,592	339,229	885,821
Changes in operating assets and liabilities:			
Receivables, net	(36,243)	68,312	32,069
Inventories (supplies)	13,020	(2,373)	10,647
Deferred outflows of resources - pension	96,364	96,364	192,728
Deferred outflows of resources - OPEB	1,034	1,034	2,068
Accounts payable and accrued liabilities	719,891	250,854	970,745
Customer deposits	3,752	-	3,752
Deferred inflows of resources - pension	13,220	13,220	26,440
Deferred inflows of resources - OPEB	(14,504)	(14,504)	(29,008)
Compensated absences	28,165	1,298	29,463
Net pension liability	(113,591)	(113,592)	(227,183)
Total OPEB liability	3,081	3,081	6,162
	<u>1,260,781</u>	<u>642,923</u>	<u>1,903,704</u>
Total adjustments			
	<u>1,260,781</u>	<u>642,923</u>	<u>1,903,704</u>
Net Cash Provided by Operating Activities	<u>\$ 1,213,939</u>	<u>\$ 462,583</u>	<u>\$ 1,676,522</u>

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City of Mesquite, Texas
Internal Service Funds

Internal Service Funds

Internal Service funds account for the financing of goods or services provided by one department to another.

The following are the City's two internal service funds.

- Group Medical Insurance Fund - to account for the City's medical insurance plans offered to City employees in various departments and retirees.
- General Liability Insurance Fund - to account for the City's general liability insurance and workers compensation insurance costs that cover employees in various departments as well as City assets.

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City of Mesquite, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2024
With Comparative Totals for September 30, 2023

	Group Medical Insurance	General Liability	Totals	
			2024	2023
Assets				
Current assets:				
Pooled cash and investments	\$ 900,632	\$ 5,457,411	\$ 6,358,043	\$ 7,937,110
Accounts receivable	252,285	256,312	508,597	182,718
Prepays and other assets	-	243,000	243,000	367,706
Accrued interest	3,076	5,598	8,674	8,789
Total assets	<u>1,155,993</u>	<u>5,962,321</u>	<u>7,118,314</u>	<u>8,496,323</u>
Liabilities				
Current liabilities:				
Accounts payable	287,303	5,269	292,572	2,769,688
Estimated claims payable	1,148,177	755,083	1,903,260	1,479,850
Total current liabilities	<u>1,435,480</u>	<u>760,352</u>	<u>2,195,832</u>	<u>4,249,538</u>
Noncurrent liabilities:				
Estimated claims payable	-	1,510,167	1,510,167	1,499,255
Total noncurrent liabilities	<u>-</u>	<u>1,510,167</u>	<u>1,510,167</u>	<u>1,499,255</u>
Total liabilities	<u>1,435,480</u>	<u>2,270,519</u>	<u>3,705,999</u>	<u>5,748,793</u>
Net Position (Deficit)				
Unrestricted	<u>(279,487)</u>	<u>3,691,802</u>	<u>3,412,315</u>	<u>2,747,530</u>
Total net position (deficit)	<u>\$ (279,487)</u>	<u>\$ 3,691,802</u>	<u>\$ 3,412,315</u>	<u>\$ 2,747,530</u>

City of Mesquite, Texas
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2024
With Comparative Total for Year Ended September 30, 2023

	Group Medical Insurance	General Liability	Totals	
			2024	2023
Operating Revenues				
Contributions - City:				
Medical insurance	\$ 16,055,974	\$ -	\$ 16,055,974	\$ 13,902,824
Life and dental insurance	1,467,384	-	1,467,384	1,395,432
General liability	-	2,626,500	2,626,500	2,550,391
Workers' compensation	-	2,774,310	2,774,310	2,392,770
Total contributions - City	<u>17,523,358</u>	<u>5,400,810</u>	<u>22,924,168</u>	<u>20,241,417</u>
Contributions - Other:				
Employees - medical insurance	4,296,610	-	4,296,610	2,501,006
Stop loss and other contributions	53,065	-	53,065	44,864
Other revenues	-	-	-	360,467
Total contributions - other	<u>4,349,675</u>	<u>-</u>	<u>4,349,675</u>	<u>2,906,337</u>
Total operating revenues	<u>21,873,033</u>	<u>5,400,810</u>	<u>27,273,843</u>	<u>23,147,754</u>
Operating Expenses				
Contractual services	-	-	-	8,500
Claims incurred	20,184,309	1,792,469	21,976,778	16,860,184
Insurance premiums	882,536	2,077,297	2,959,833	2,519,427
Administrative fees	1,258,085	580,908	1,838,993	1,675,334
Other expenses	754,256	472,854	1,227,110	926,336
Total operating expenses	<u>23,079,186</u>	<u>4,923,528</u>	<u>28,002,714</u>	<u>21,989,781</u>
Operating Income (Loss)	<u>(1,206,153)</u>	<u>477,282</u>	<u>(728,871)</u>	<u>1,157,973</u>
Nonoperating Revenues				
Investment income	156,111	283,689	439,800	264,158
Miscellaneous	-	-	-	387,000
Other nonoperating income	-	953,856	953,856	-
Total nonoperating revenues	<u>156,111</u>	<u>1,237,545</u>	<u>1,393,656</u>	<u>651,158</u>
Change in Net Position	<u>(1,050,042)</u>	<u>1,714,827</u>	<u>664,785</u>	<u>1,809,131</u>
Net Position, Beginning of Year	<u>770,555</u>	<u>1,976,975</u>	<u>2,747,530</u>	<u>938,399</u>
Net Position (Deficit), End of Year	<u>\$ (279,487)</u>	<u>\$ 3,691,802</u>	<u>\$ 3,412,315</u>	<u>\$ 2,747,530</u>

City of Mesquite, Texas
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2024
With Comparative Totals for Year Ended September 30, 2023

	Group Medical Insurance	General Liability	Totals	
			2024	2023
Cash Flows From Operating Activities:				
Receipts from interfund charges for services	\$ 17,523,358	\$ 5,400,810	\$ 22,924,168	\$ 20,085,106
Other operating receipts	53,065	867,120	920,185	702,462
Receipts from employees and retirees	4,080,059	-	4,080,059	2,487,864
Payments to suppliers and service providers	(24,774,144)	(5,169,250)	(29,943,394)	(21,161,170)
Net Cash Provided by (Used for) Operating Activities	(3,117,662)	1,098,680	(2,018,982)	2,114,262
Cash Flows From Investing Activities:				
Investment income on cash and cash equivalents	157,731	282,184	439,915	261,152
Net Cash Provided by Investing Activities	157,731	282,184	439,915	261,152
Net Increase (Decrease) in Pooled Cash and Investments	(2,959,931)	1,380,864	(1,579,067)	2,375,414
Pooled Cash and Investments at Beginning of Year	3,860,563	4,076,547	7,937,110	5,561,696
Pooled Cash and Investments at End of Year	\$ 900,632	\$ 5,457,411	\$ 6,358,043	\$ 7,937,110
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (1,206,153)	\$ 477,282	\$ (728,871)	\$ 1,157,973
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-				
Other income	-	953,856	953,856	387,000
Changes in assets and liabilities-				
(Increase) decrease in accounts receivable	(216,551)	(86,736)	(303,287)	(73,011)
(Increase) decrease in prepaid items	124,706	-	124,706	(5,287)
Increase (decrease) in accounts payable	(2,237,618)	(262,090)	(2,499,708)	1,606,257
Increase (decrease) in claims payable	417,954	16,368	434,322	(802,359)
Increase (decrease) in unearned revenue	-	-	-	(156,311)
Total Adjustments	(1,911,509)	621,398	(1,290,111)	956,289
Net Cash Provided by (Used for) Operating Activities	\$ (3,117,662)	\$ 1,098,680	\$ (2,018,982)	\$ 2,114,262

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City of Mesquite, Texas
Fiduciary Funds - Custodial Funds

Fiduciary Funds – Custodial Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

The City reports two custodial funds.

- Tax Collection Fund - to account for ad valorem taxes collected on behalf of the Mesquite Independent School District, which ended on February 1, 2024.
- Seized Assets Fund - to account for funds seized from court cases that are held in escrow until judgment.

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City of Mesquite, Texas
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
September 30, 2024

	Custodial Funds		
	Tax Collection	Seized Assets	Total
Assets			
Pooled cash and investments	\$ 437,674	\$ 762,076	\$ 1,199,750
Accounts receivable	11,250	-	11,250
Taxes receivable levied for other governments (net of allowance for uncollectibles)	19,716	-	19,716
Total assets	<u>\$ 468,640</u>	<u>\$ 762,076</u>	<u>\$ 1,230,716</u>
Liabilities			
Accounts payable	\$ 468,640	\$ -	\$ 468,640
Total liabilities	<u>468,640</u>	<u>-</u>	<u>468,640</u>
Net Position			
Restricted for individuals, organizations, other governments	<u>-</u>	<u>762,076</u>	<u>762,076</u>
Total net position	<u>\$ -</u>	<u>\$ 762,076</u>	<u>\$ 762,076</u>

City of Mesquite, Texas
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Year Ended September 30, 2024

	Custodial Funds		
	Tax Collection	Seized Assets	Total
Additions			
Property tax collections for other governments	\$ 136,619,452	\$ -	\$ 136,619,452
Seizures	-	708,199	708,199
Total additions	<u>136,619,452</u>	<u>708,199</u>	<u>137,327,651</u>
Deductions			
Payments of property tax to other governments	136,619,452	-	136,619,452
Seizures forfeited or returned to defendants	-	846,734	846,734
Total deductions	<u>136,619,452</u>	<u>846,734</u>	<u>137,466,186</u>
Net Change in Fiduciary Net Position	-	(138,535)	(138,535)
Net Position, Beginning of Year	<u>-</u>	<u>900,611</u>	<u>900,611</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 762,076</u>	<u>\$ 762,076</u>

City of Mesquite, Texas
Statistical Section (Unaudited)

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

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the readers understand how the City’s financial performance and well-being have changed over time.</i>	132
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue sources – sales and property tax.</i>	142
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	153
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	159
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	161

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

City of Mesquite, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2015 (1)	2016	2017	2018 (2)
Governmental Activities:				
Net Investment in capital assets	\$ 122,230	\$ 119,854	\$ 119,708	\$ 131,473
Restricted	8,329	9,199	23,620	27,208
Unrestricted	<u>(56,876)</u>	<u>(65,812)</u>	<u>(90,141)</u>	<u>(128,928)</u>
Total Governmental Activities Net Position	<u>\$ 73,683</u>	<u>\$ 63,241</u>	<u>\$ 53,187</u>	<u>\$ 29,753</u>
Business-type Activities:				
Net Investment in capital assets	\$ 130,785	\$ 131,551	\$ 139,837	\$ 148,215
Restricted	2,690	3,387	3,507	3,210
Unrestricted	<u>13,008</u>	<u>18,647</u>	<u>23,386</u>	<u>25,970</u>
Total Business-type Activities Net Position	<u>\$ 146,483</u>	<u>\$ 153,585</u>	<u>\$ 166,730</u>	<u>\$ 177,395</u>
Primary Government:				
Net Investment in capital assets	\$ 253,015	\$ 251,405	\$ 259,545	\$ 279,688
Restricted	11,019	12,586	27,127	30,418
Unrestricted	<u>(43,868)</u>	<u>(47,165)</u>	<u>(66,755)</u>	<u>(102,958)</u>
Total Primary Government Net Position	<u>\$ 220,166</u>	<u>\$ 216,826</u>	<u>\$ 219,917</u>	<u>\$ 207,148</u>

Notes:

- (1) The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" in 2015, and beginning amounts were restated.
- (2) The City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in 2018, and beginning amounts were restated.

Schedule 1

2019	2020	2021	2022	2023	2024
\$ 144,527	\$ 160,736	\$ 166,093	\$ 177,922	\$ 188,826	\$ 220,862
27,940	23,493	27,214	41,738	50,548	67,839
<u>(137,491)</u>	<u>(130,091)</u>	<u>(116,672)</u>	<u>(91,611)</u>	<u>(88,068)</u>	<u>(93,625)</u>
<u>\$ 34,976</u>	<u>\$ 54,138</u>	<u>\$ 76,635</u>	<u>\$ 128,049</u>	<u>\$ 151,306</u>	<u>\$ 195,076</u>
\$ 151,897	\$ 158,038	\$ 166,219	\$ 168,729	\$ 201,459	\$ 247,076
3,798	5,579	7,381	12,199	15,199	15,588
<u>30,146</u>	<u>40,890</u>	<u>49,993</u>	<u>60,932</u>	<u>81,042</u>	<u>95,194</u>
<u>\$ 185,841</u>	<u>\$ 204,507</u>	<u>\$ 223,593</u>	<u>\$ 241,860</u>	<u>\$ 297,700</u>	<u>\$ 357,858</u>
\$ 296,424	\$ 318,774	\$ 332,312	\$ 346,651	\$ 390,285	\$ 467,939
31,738	29,072	34,595	53,937	65,746	83,427
<u>(107,345)</u>	<u>(89,201)</u>	<u>(66,679)</u>	<u>(30,679)</u>	<u>(7,026)</u>	<u>1,568</u>
<u>\$ 220,817</u>	<u>\$ 258,645</u>	<u>\$ 300,228</u>	<u>\$ 369,909</u>	<u>\$ 449,005</u>	<u>\$ 552,934</u>

City of Mesquite, Texas
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	2015	2016	2017	2018
Expenses:				
Governmental Activities:				
General government	\$ 29,905	\$ 35,751	\$ 38,015	\$ 31,854
Fire services	26,679	27,167	28,820	28,918
Police services	32,829	35,089	36,382	36,952
Field services	9,839	-	-	-
Public works	10,253	19,722	20,007	20,675
Planning and community development	3,513	2,991	3,294	3,532
Housing and community services	15,005	15,425	15,981	16,942
Library services	2,074	2,064	2,168	2,264
Parks and recreation	12,732	12,252	9,805	10,481
Contribution expense	-	-	-	-
Interest on long-term debt	3,745	5,093	6,081	5,711
Total Governmental Activities	<u>146,574</u>	<u>155,554</u>	<u>160,553</u>	<u>157,329</u>
Business-type Activities:				
Water and sewer	45,496	49,822	51,545	55,859
Drainage utility	1,618	1,876	1,829	2,196
Municipal airport	1,981	1,900	1,997	2,018
Golf course (2)	-	-	943	1,582
Solid waste and equipment services (3)	-	-	-	-
Total Business-type Activities	<u>49,095</u>	<u>53,598</u>	<u>56,314</u>	<u>61,655</u>
Total Primary Government	<u>\$ 195,669</u>	<u>\$ 209,152</u>	<u>\$ 216,867</u>	<u>\$ 218,984</u>
Program Revenues:				
Governmental Activities:				
Charges for services				
Field Services	\$ 7,795	\$ -	\$ -	\$ -
General government	7,586	7,921	7,158	4,985
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	-	-	-
Planning and community development	5,148	6,603	7,759	8,146
Housing and community services	-	-	-	-
Library services	-	-	-	-
Parks and recreation	-	-	-	-
Other charges for services	10,312	19,412	18,668	18,400
Operating grants and contributions	13,825	14,052	14,995	15,899
Capital grants and contributions	409	603	1,125	4,322
Total Governmental Activities	<u>45,075</u>	<u>48,591</u>	<u>49,705</u>	<u>51,752</u>
Business-type Activities:				
Charges for services:				
Water and sewer	53,559	59,677	63,465	67,609
Drainage utility	3,366	3,795	3,965	3,966
Municipal airport	1,602	1,548	1,644	1,809
Golf course (2)	-	-	1,037	1,089
Solid waste and equipment services (3)	-	-	-	-
Operating grants and contributions (1)	-	23	67	283
Capital grants and contributions	603	674	1,025	3,830
Total Business-type Activities	<u>59,130</u>	<u>65,717</u>	<u>71,203</u>	<u>78,586</u>
Total Primary Government	<u>\$ 104,205</u>	<u>\$ 114,308</u>	<u>\$ 120,908</u>	<u>\$ 130,338</u>

Schedule 2

	2019	2020	2021	2022	2023	2024
\$	30,100	\$ 14,755	\$ 26,234	\$ 19,656	\$ 26,237	\$ 32,120
	30,502	32,319	32,329	32,371	41,143	42,267
	40,496	43,434	41,849	42,744	53,248	55,440
	-	-	-	-	-	-
	23,490	22,681	23,275	23,103	29,057	17,592
	3,301	3,817	9,543	4,542	10,669	9,209
	17,962	19,934	21,826	22,789	24,827	28,206
	2,157	2,358	2,469	2,338	3,157	3,045
	11,400	11,938	11,713	12,104	13,338	14,285
	-	-	-	-	-	-
	8,892	7,222	7,817	8,110	14,195	13,972
	<u>168,300</u>	<u>158,458</u>	<u>177,055</u>	<u>167,757</u>	<u>215,871</u>	<u>216,136</u>
	62,786	64,605	58,935	61,274	68,538	76,698
	2,832	3,457	2,734	2,986	3,595	3,612
	2,018	2,054	2,261	1,108	3,102	3,089
	1,529	1,520	1,520	1,494	1,615	1,767
	-	-	-	-	-	20,473
	<u>69,165</u>	<u>71,636</u>	<u>65,450</u>	<u>66,862</u>	<u>76,850</u>	<u>105,637</u>
\$	<u>237,465</u>	<u>230,094</u>	<u>242,505</u>	<u>234,619</u>	<u>292,721</u>	<u>321,773</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	7,103	2,498	1,762	1,817	3,623	5,529
	-	2,387	3,065	2,631	2,848	3,364
	-	2,823	4,184	5,247	440	2,375
	-	14,387	14,801	25,029	19,995	11,601
	3,056	2,487	2,839	5,457	3,336	3,430
	-	251	320	206	162	771
	-	29	64	64	88	37
	-	756	1,541	1,709	1,779	3,059
	25,070	-	-	-	-	-
	16,414	26,236	27,901	25,363	26,842	40,230
	5,755	7,749	6,364	3,574	14,027	11,012
	<u>57,398</u>	<u>59,603</u>	<u>62,841</u>	<u>71,097</u>	<u>73,140</u>	<u>81,409</u>
	69,274	73,739	70,873	78,325	88,124	97,996
	4,055	4,778	4,865	5,371	5,082	5,471
	1,665	1,964	2,287	3,075	2,855	3,041
	1,025	1,009	1,235	1,398	1,531	1,574
	-	-	-	-	-	22,077
	53	50	89	68	74	455
	982	7,676	5,873	3,730	31,133	26,419
	<u>77,054</u>	<u>89,216</u>	<u>85,222</u>	<u>91,967</u>	<u>128,799</u>	<u>157,034</u>
\$	<u>134,452</u>	<u>148,819</u>	<u>148,063</u>	<u>163,064</u>	<u>201,939</u>	<u>238,442</u>

(Continued Next Page)

City of Mesquite, Texas
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	2015	2016	2017	2018
Net (Expenses)/Program Revenues				
Governmental activities	\$ (101,499)	\$ (106,963)	\$ (110,848)	\$ (105,577)
Business-type activities	10,035	12,119	14,889	16,931
Total Primary Government Net Expenses	<u>\$ (91,464)</u>	<u>\$ (94,844)</u>	<u>\$ (95,959)</u>	<u>\$ (88,646)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Ad valorem taxes	\$ 36,710	\$ 38,328	\$ 44,479	\$ 49,921
Gross receipts taxes	8,081	7,806	7,698	7,988
Sales taxes	42,848	44,761	45,476	45,700
Grants not restricted to specific programs	-	-	-	-
Investment income (loss)	151	392	741	1,330
Gain (loss) on sale of capital assets	(33)	-	257	268
Miscellaneous	-	-	-	-
Transfers	4,866	5,235	2,143	4,537
Total Governmental Activities	<u>92,623</u>	<u>96,522</u>	<u>100,794</u>	<u>109,744</u>
Business-type Activities:				
Investment income	71	179	339	799
Gain on sale of capital assets	54	38	60	124
Miscellaneous	-	-	-	-
Transfers	(4,866)	(5,235)	(2,143)	(4,537)
Total Business-type Activities	<u>(4,741)</u>	<u>(5,018)</u>	<u>(1,744)</u>	<u>(3,614)</u>
Total Primary Government	<u>\$ 87,882</u>	<u>\$ 91,504</u>	<u>\$ 99,050</u>	<u>\$ 106,130</u>
Change in Net Position				
Governmental activities	\$ (8,876)	\$ (10,441)	\$ (10,054)	\$ 4,167
Business-type activities	5,294	7,101	13,145	13,317
Total Primary Government	<u>\$ (3,582)</u>	<u>\$ (3,340)</u>	<u>\$ 3,091</u>	<u>\$ 17,484</u>

Notes:

- (1) Operating grants and contributions for business-type activities presented separately starting with fiscal year 2016.
- (2) The golf course became a separate fund beginning in fiscal year 2017. It was previously included as part of parks and recreation in the governmental activities.
- (3) The solid waste and equipment services fund became a separate fund beginning in fiscal year 2024. It was previously included as part of general government in the governmental activities.

Schedule 2

2019	2020	2021	2022	2023	2024
\$ (110,901)	\$ (98,855)	\$ (114,214)	\$ (96,660)	\$ (138,765)	\$ (134,727)
7,890	17,580	19,772	25,105	51,950	51,396
<u>\$ (103,011)</u>	<u>\$ (81,275)</u>	<u>\$ (94,442)</u>	<u>\$ (71,555)</u>	<u>\$ (86,815)</u>	<u>\$ (83,331)</u>
\$ 57,413	\$ 62,495	\$ 64,831	\$ 71,023	\$ 76,638	\$ 89,842
7,810	7,186	7,435	8,054	8,104	6,631
46,869	47,192	53,317	60,138	63,582	63,387
-	-	-	610	1,655	3,329
2,687	1,288	143	(381)	8,982	12,356
549	-	4,520	168	1,165	202
-	-	2,411	1,853	307	2,297
797	(145)	4,702	6,610	1,602	7,468
<u>116,125</u>	<u>118,016</u>	<u>137,359</u>	<u>148,075</u>	<u>162,035</u>	<u>185,512</u>
1,344	942	84	(260)	5,279	8,377
14	-	-	-	213	71
-	-	963	31	-	768
(797)	145	(4,702)	(6,610)	(1,602)	(7,468)
<u>561</u>	<u>1,087</u>	<u>(3,655)</u>	<u>(6,839)</u>	<u>3,890</u>	<u>1,748</u>
<u>\$ 116,686</u>	<u>\$ 119,103</u>	<u>\$ 133,704</u>	<u>\$ 141,236</u>	<u>\$ 165,925</u>	<u>\$ 187,260</u>
\$ 5,224	\$ 19,161	\$ 23,145	\$ 51,415	\$ 23,270	\$ 50,785
8,451	18,667	16,117	18,266	55,840	53,144
<u>\$ 13,675</u>	<u>\$ 37,828</u>	<u>\$ 39,262</u>	<u>\$ 69,681</u>	<u>\$ 79,110</u>	<u>\$ 103,929</u>

City of Mesquite, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2015	2016	2017	2018
General Fund:				
Nonspendable	\$ 764	\$ 1,183	\$ 1,813	\$ 1,919
Assigned	41	90	105	98
Unassigned	15,897	17,003	18,312	18,896
Total General Fund	<u>\$ 16,702</u>	<u>\$ 18,276</u>	<u>\$ 20,230</u>	<u>\$ 20,913</u>
All Other Governmental Funds:				
Nonspendable for:				
Prepays	\$ -	\$ -	\$ -	\$ 146
Cemetery trust principal	-	101	101	101
Note receivable	-	-	-	-
Restricted for:				
Debt Retirement	471	85	599	46
Purpose of grantors, trustees, and donors	2,192	2,418	2,691	2,610
4B Sales Tax projects	7,078	8,025	6,087	2,506
Promotion of Tourism	440	753	1,238	1,719
Law Enforcement	4,750	4,127	3,139	2,043
Capital Projects	21,253	44,978	25,433	49,456
Community Access Projects	738	658	745	623
Road Surface Repairs	130	219	521	239
Tax Increment Financing Districts	7,599	9,778	12,126	14,441
Public Improvement Districts	-	-	-	7,203
Hike and Bike Trail	454	457	460	40
Developer's Deposits	1,682	1,621	1,594	1,647
Capital Replacement	157	321	505	700
Other Purposes	574	557	608	585
Assigned to:				
Other Capital Projects	1,136	1,176	1,524	1,384
Other Purposes	251	1,124	469	1,308
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 48,905</u>	<u>\$ 76,398</u>	<u>\$ 57,840</u>	<u>\$ 86,797</u>

Schedule 3

2019	2020	2021	2022	2023	2024
\$ 1,926	\$ 1,923	\$ 1,987	\$ 2,642	\$ 3,425	\$ 3,114
56	226	119	511	126	212
20,713	25,159	25,914	30,950	31,727	35,188
<u>\$ 22,695</u>	<u>\$ 27,308</u>	<u>\$ 28,020</u>	<u>\$ 34,103</u>	<u>\$ 35,278</u>	<u>\$ 38,515</u>
\$ 27	\$ 5	\$ -	\$ 85	\$ 48	\$ 58
101	101	-	-	-	-
-	-	-	-	833	793
4	821	1,414	1,475	3,653	5,847
3,086	2,443	3,751	2,821	3,469	3,613
2,903	2,586	6,165	12,998	17,574	19,654
-	2,385	2,095	2,541	2,613	2,705
1,388	2,024	2,011	1,552	2,625	3,322
37,188	46,601	39,335	68,823	89,388	74,647
620	646	641	693	678	678
220	635	1,019	7,734	8,118	14,258
12,314	6,012	4,087	7,648	6,424	5,897
27,385	18,014	8,737	6,474	9,791	5,510
-	41	42	41	43	46
1,694	1,547	1,595	1,588	1,676	1,780
585	397	452	533	701	1,015
2,490	585	558	1,363	1,893	5,349
1,208	6,952	10,865	16,588	20,816	16,740
539	583	676	785	801	917
-	(77)	-	-	-	(4,205)
<u>\$ 91,752</u>	<u>\$ 92,301</u>	<u>\$ 83,443</u>	<u>\$ 133,742</u>	<u>\$ 171,144</u>	<u>\$ 158,624</u>

City of Mesquite, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2015	2016	2017	2018
Revenues:				
Taxes	\$ 87,368	\$ 90,911	\$ 97,633	\$ 103,468
Licenses and permits	1,728	2,236	2,399	2,281
Fines and forfeitures	3,226	3,586	3,772	3,295
Investment income	147	388	733	1,304
Charges for services	19,701	20,926	21,302	16,672
Special Assessments	-	-	-	-
Intergovernmental	13,353	14,299	15,204	19,936
Contributions and donations	788	313	346	1,703
Other revenues	1,338	2,421	1,537	1,730
Total Revenues	127,649	135,080	142,926	150,389
Expenditures:				
General government	16,285	15,330	15,316	16,737
Fire services	24,811	25,631	27,573	28,082
Police services	31,267	33,267	36,907	37,060
Field services (1)	10,191	-	-	-
Public works	3,244	13,158	14,189	14,316
Planning and community development	3,458	2,874	3,173	3,535
Housing services	11,585	-	-	-
Library services	2,022	1,917	2,055	2,083
Parks and recreation	10,717	10,437	8,126	8,662
Community services	2,347	-	-	-
Housing and community services	-	15,268	16,001	16,711
Contribution expense	-	-	-	-
Capital outlay	9,984	16,879	33,453	36,255
Debt service - principal	7,897	9,019	11,185	13,383
Debt service - interest	4,795	4,628	6,278	6,340
Debt service - bond issuance costs	206	586	279	489
Total Expenditures	138,809	148,994	174,535	183,653
Deficiency of Revenues Under Expenditures	(11,160)	(13,914)	(31,609)	(33,264)
Other Financing Sources (Uses)				
Transfer in	17,686	21,099	24,375	26,728
Transfers out	(12,285)	(15,823)	(18,383)	(22,692)
Leases issued	-	-	-	-
Subscriptions issued	-	-	-	-
Bond proceeds	14,835	35,085	8,285	53,810
Proceeds of refunding bonds	2,935	17,295	7,600	960
Premium on debt	1,265	5,232	1,477	5,136
Payment to refunded bond agent	(3,044)	(19,907)	(8,607)	(1,039)
Sale of general capital assets	-	-	257	-
Total Other Financing Sources (Uses)	21,392	42,981	15,004	62,903
Net Change in Fund Balances	\$ 10,232	\$ 29,067	\$ (16,605)	\$ 29,639
Debt service as a percentage of noncapital expenditures	9.81%	10.33%	12.38%	13.38%

Note: (1) Field services expenditures are presented with Public works expenditures starting in fiscal year 2016.

Schedule 4

	2019	2020	2021	2022	2023	2024
\$	112,214	\$ 116,797	\$ 125,478	\$ 139,060	\$ 148,018	\$ 159,807
	2,598	3,037	3,252	5,959	4,500	6,298
	4,087	4,416	3,970	4,523	4,459	5,882
	2,645	1,266	141	(375)	8,743	12,003
	18,605	19,736	21,270	31,029	26,220	17,836
	-	-	2,552	2,734	2,917	6,453
	18,279	27,217	26,895	25,225	24,267	35,126
	1,658	1,326	803	415	399	100
	4,139	3,232	2,952	5,685	2,740	2,297
	<u>164,225</u>	<u>177,027</u>	<u>187,313</u>	<u>214,255</u>	<u>222,263</u>	<u>245,803</u>
	14,463	10,568	25,226	18,358	22,669	26,124
	29,529	30,725	32,542	34,250	37,701	41,674
	38,551	40,842	41,906	44,932	48,737	54,452
	-	-	-	-	-	-
	15,592	15,715	16,580	16,752	20,490	9,637
	3,318	3,762	9,672	4,811	10,294	9,305
	-	-	-	-	-	-
	2,056	2,340	2,539	2,493	2,951	2,964
	9,753	10,221	10,194	10,876	11,380	12,393
	-	-	-	-	-	-
	17,770	19,639	21,756	22,941	24,429	28,343
	-	-	-	-	-	-
	39,229	41,525	36,304	29,515	83,776	92,873
	14,080	14,970	13,665	18,128	18,220	23,725
	8,162	8,324	9,271	9,150	10,864	15,187
	2,112	685	257	586	4,742	587
	<u>194,615</u>	<u>199,316</u>	<u>219,912</u>	<u>212,792</u>	<u>296,253</u>	<u>317,264</u>
	<u>(30,390)</u>	<u>(22,289)</u>	<u>(32,599)</u>	<u>1,463</u>	<u>(73,990)</u>	<u>(71,461)</u>
	23,501	30,261	33,184	41,940	42,578	43,331
	(22,704)	(31,405)	(31,343)	(35,880)	(40,976)	(35,863)
	-	-	-	56	44	202
	-	-	-	-	194	-
	34,655	24,945	16,005	44,990	105,374	49,535
	-	27,685	-	-	-	-
	565	5,373	1,355	3,285	3,920	4,524
	-	(29,665)	-	-	-	-
	1,111	256	5,900	529	1,415	464
	<u>37,128</u>	<u>27,450</u>	<u>25,101</u>	<u>54,920</u>	<u>112,549</u>	<u>62,194</u>
\$	<u>6,738</u>	<u>\$ 5,161</u>	<u>\$ (7,498)</u>	<u>\$ 56,383</u>	<u>\$ 38,559</u>	<u>\$ (9,267)</u>
	14.31%	14.76%	12.49%	14.88%	13.69%	17.60%

City of Mesquite, Texas
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Year Ended September	Total	Ad Valorem Taxes	Sales Taxes		
			General	Liquor	Hotel/Motel
2015	87,368	36,439	41,310	271	1,267
% Total	100.0	41.7	47.3	0.3	1.5
2016	90,911	38,345	43,191	274	1,296
% Total	100.0	42.2	47.5	0.3	1.4
2017	97,633	44,459	43,664	273	1,539
% Total	100.0	45.5	44.7	0.3	1.6
2018	103,468	49,780	43,790	279	1,630
% Total	100.0	48.1	42.3	0.3	1.6
2019	112,214	57,535	44,575	284	2,010
% Total	100.0	51.3	39.7	0.3	1.8
2020	116,797	62,420	45,522	228	1,442
% Total	100.0	53.4	39.0	0.2	1.2
2021	125,478	64,726	51,478	280	1,559
% Total	100.0	51.6	41.0	0.2	1.2
2022	139,059	70,868	58,028	308	1,802
% Total	100.0	51.0	41.7	0.2	1.3
2023	148,019	76,332	61,372	341	1,870
% Total	100.0	51.6	41.5	0.2	1.3
2024	159,807	89,790	61,086	310	1,990
% Total	100.0	87.6	10.7	0.1	1.2

Schedule 5

Gross Receipts Taxes						
Electrical	Gas	Telephone	Cable TV	Sanitation	Other	
4,041	1,157	-	1,556	975	352	
4.6	1.3	-	1.8	1.1	0.4	
4,007	943	-	1,510	1,001	344	
4.4	1.0	-	1.7	1.1	0.4	
4,051	1,072	-	1,259	1,022	294	
4.1	1.1	-	1.3	1.0	0.3	
4,146	1,255	-	1,230	1,079	279	
4.0	1.2	-	1.2	1.0	0.3	
3,961	1,144	-	1,230	1,189	286	
3.5	1.0	-	1.1	1.1	0.3	
3,961	993	-	868	1,314	49	
3.4	0.9	-	0.7	1.1	0.0	
3,859	1,370	-	778	1,374	54	
3.1	1.1	-	0.6	1.1	0.0	
4,065	1,606	-	750	1,577	55	
2.9	1.2	-	0.5	1.1	0.0	
4,013	1,620	-	672	1,745	54	
2.7	1.1	-	0.5	1.2	0.0	
4,253	1,743	-	581	-	52	
1.2	0.2	-	0.1	-	0.0	

City of Mesquite, Texas
Taxable Sales by Category
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Merchandise Stores	\$ 256,248	\$ 282,485	\$ 284,451	\$ 298,272
Eating and Drinking Establishments	259,762	273,022	281,283	286,661
Clothing and Apparel Stores	196,123	198,003	212,609	190,250
Building Materials, Garden Equipment, and Supplies	133,744	155,725	149,725	127,790
Home Furnishings and Appliances	134,511	152,402	138,242	158,791
Automotive Dealers, Service, and Supplies	64,477	68,707	67,741	64,476
Food and Grocery Stores (2)	54,923	56,981	59,041	67,033
Gas Stations	45,480	48,377	49,944	51,453
Other Retail Stores	168,257	181,988	185,967	191,585
All Other Outlets	<u>764,131</u>	<u>746,715</u>	<u>775,586</u>	<u>818,658</u>
Total Taxable Sales (1)	<u>\$ 2,077,656</u>	<u>\$ 2,164,405</u>	<u>\$ 2,204,589</u>	<u>\$ 2,254,969</u>
City Direct Sales Tax Rate	2.0%	2.0%	2.0%	2.0%

Notes:

(1) Sales tax filing information obtained from Texas Comptroller of Public Accounts. Taxable sales calculated by dividing sales taxes reported by the City's direct sales tax rate.

(2) General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.

Schedule 6

	2018	2019	2020	2021	2022	2023	2024
\$	298,272	\$ 280,841	\$ 261,938	\$ 284,172	\$ 332,495	\$ 317,286	\$ 300,450
	286,661	290,527	278,764	323,796	369,260	376,632	390,349
	190,250	206,658	186,787	253,369	253,387	247,089	232,982
	127,790	149,031	152,098	167,056	199,594	193,839	184,720
	158,791	132,850	134,323	181,259	187,555	184,289	164,733
	64,476	86,346	89,447	99,215	79,116	81,683	75,958
	67,033	42,939	95,888	83,020	120,906	93,068	92,797
	51,453	56,808	50,335	52,878	69,209	67,571	76,713
	191,585	189,601	219,692	294,652	326,119	377,745	404,617
	<u>818,658</u>	<u>822,433</u>	<u>787,669</u>	<u>777,640</u>	<u>1,005,398</u>	<u>1,096,986</u>	<u>1,140,661</u>
\$	<u>2,254,969</u>	<u>\$ 2,258,034</u>	<u>\$ 2,256,941</u>	<u>\$ 2,517,057</u>	<u>\$ 2,943,039</u>	<u>\$ 3,036,188</u>	<u>\$ 3,063,980</u>
	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

City of Mesquite, Texas
Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago
(Unaudited)

Schedule 7

	2024		2015	
	Number of Filers	Tax Liability	Number of Filers	Tax Liability
Retail Trade	3,565	\$ 38,466,374	1,692	\$ 26,046,184
Services	2,842	6,299,117	1,862	6,102,103
Transportation and Utilities	897	4,225,816	108	2,781,550
Wholesale Trade	1,647	4,407,140	1,114	1,789,103
Manufacturing	1,498	4,632,870	885	2,008,154
Construction	852	2,057,866	754	1,256,861
Finance, Insurance, and Real Estate	377	1,138,873	337	594,892
Agricultural	14	4,617	5	3,490
Mining	5	7,330	10	11,856
Public Administration	9	41,619	11	958,927
Total	11,706	\$ 61,281,622	6,778	\$ 41,553,120

Source: Texas Comptroller of Public Accounts

**City of Mesquite, Texas
Sales Tax Rates – Direct and Overlapping
Last Ten Fiscal Years
(Unaudited)**

Schedule 8

City of Mesquite						
Fiscal Year	Economic Development - 4B	Property Tax Relief	Regular Rate	Total COM	State of Texas	Total Sales Tax Rate
2015	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2016	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2017	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2018	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2019	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2020	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2021	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2022	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2023	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2024	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%

Source: Texas Comptroller of Public Accounts

Note: Overlapping rates are those of local, county, and state governments that apply within the City.

City of Mesquite, Texas
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	Assessed and Actual Value of Property (1)					Total Assessed Value
	Real Property Residential	Real Property Commercial	Real Property Other	Utilities Real and Personal	Personal Property	
2015	4,026,866	1,905,028	206,709	111,081	826,306	\$ 7,075,990
2016	4,254,661	1,983,357	209,767	109,107	833,635	7,390,527
2017	4,784,452	2,111,684	207,429	113,444	895,405	8,112,414
2018	5,433,038	2,252,673	206,414	114,705	966,735	8,973,565
2019	6,167,059	2,412,704	253,364	133,646	1,035,854	10,002,627
2020	6,528,588	2,766,119	239,948	142,322	1,093,135	10,770,112
2021	6,942,391	2,622,980	250,263	140,857	1,030,762	10,987,253
2022	7,988,907	3,202,630	292,943	181,473	1,108,444	12,774,397
2023	9,549,637	3,463,643	332,135	154,239	1,339,458	14,839,112
2024	10,793,172	3,919,725	340,662	156,534	1,553,067	16,763,160

Source: Dallas Central Appraisal District and Kaufman Central Appraisal District

Notes:

(1) Assessed value is 100% of estimated actual value for all years as determined by the appraisal districts. Values are as of January 1 of the calendar year prior to the fiscal year-end date.

(2) Exemptions are granted by the City within the constraints of Texas Constitutional law.

(3) Total taxable valuation here is based on the certified roll and is net of Tax Incentive Financing Districts (TIF) in the amount of \$836,126. The taxable value upon which the tax levy was based, noted in footnote 4 in the Notes to Basic Financial Statements, includes the TIF value. (\$12,359,685 + \$1,185,904= \$13,545,589).

(4) Tax rate is per \$100 assessed valuation.

Schedule 9

Less: Exemptions, Abatements, and TIFs (2)						
Exemptions Granted	Tax Abatements	Tax Incentive Financing Districts (TIF)	Total Exemptions	Total Taxable Valuation (3)		Tax Rate (4)
1,189,509	-	150,640	1,340,149	\$ 5,735,841		0.64000
1,253,159	-	174,807	1,427,966	5,962,561		0.64000
1,384,473	-	200,471	1,584,944	6,527,470		0.68700
1,651,691	-	222,549	1,874,240	7,099,325		0.68700
1,938,037	-	232,249	2,170,286	7,832,341		0.73400
2,090,556	-	306,111	2,396,667	8,373,445		0.73400
2,147,512	-	353,849	2,501,361	8,485,892		0.70862
2,476,372	-	390,078	2,866,450	9,907,947		0.70858
3,084,809	-	836,126	3,920,935	10,918,177		0.65814
3,218,002	-	1,185,473	4,403,475	12,359,685		0.69000

**City of Mesquite, Texas
Property Tax Rates –
Direct and Overlapping Governments
(Per \$100 Assessed Valuation)
Last Ten Fiscal Years
(Unaudited)**

Schedule 10

Fiscal Year	City of Mesquite			Overlapping Rates (1)					Total Direct & Overlapping Rates
	General	Debt Service	Total	Dallas County	Dallas County Hospital District	Dallas Community College District	Dallas County School Equalization	Mesquite Independent School District	
2015	0.46220	0.17780	0.64000	0.24310	0.28600	0.12478	0.01000	1.41000	2.71388
2016	0.43637	0.20363	0.64000	0.24310	0.28600	0.12365	0.01000	1.41000	2.71275
2017	0.45542	0.23158	0.68700	0.24310	0.27940	0.12293	0.00927	1.46000	2.80170
2018	0.44972	0.23728	0.68700	0.24310	0.27940	0.12424	0.01000	1.46000	2.80374
2019	0.48792	0.24608	0.73400	0.24310	0.27940	0.12400	0.01000	1.52000	2.91050
2020	0.50390	0.23010	0.73400	0.24310	0.26950	0.12400	0.01000	1.45000	2.83060
2021	0.49764	0.21099	0.70863	0.22790	0.25500	0.12350	0.01000	1.31200	2.63703
2022	0.50128	0.20730	0.70858	0.22794	0.25500	0.12350	0.01000	1.31200	2.63702
2023	0.45410	0.20404	0.65814	0.21795	0.23580	0.11590	0.01000	1.28000	2.51779
2024	0.48920	0.20080	0.69000	0.21550	0.21200	0.10560	-	1.10000	2.32310

Source: (1) Budget Department and Dallas Central Appraisal District, Tax Unit Rates

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g., the rates for the Mesquite Independent School District apply only to the proportion of the City's property owners whose property is located within the Mesquite I.S.D. geographical boundaries.) A small percent of City property owners are within the boundaries of the Dallas I.S.D. or Garland I.S.D.

**City of Mesquite, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 11

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Town East Mall	\$ 134,857,700	1	1.09%	\$ 134,857,700	\$ 1	2.31%
Ashley Furniture Ind	123,872,880	2	1.00%	100,133,769		1.85%
H5 TIC 1 MVR Borrower	78,585,000	3	0.64%			
Market East Associates LLC	71,500,000	4	0.58%			
Mesquite Owner LLC	68,055,730	5	0.55%			
DG Mesquite Airport	67,745,060	6	0.55%			
101 Bottling Group LLC (Pepsi Cola)	68,595,530	7	0.55%	34,876,174	4	0.64%
Oncor Electric Delivery	82,098,240	8	0.66%	82,098,240	2	0.93%
Frontage Apartments	56,569,840	9	0.46%	56,569,840		0.97%
IRIS USA Inc	52,738,610	10	0.43%	27,302,968	6	0.50%
Barons Investors				35,000,000	3	0.64%
DDR MDT Marketplace				29,463,350	5	0.54%
Alliance WE LP				26,293,840	7	0.48%
Advenir @ Mission Ranch				25,880,000	8	0.47%
CURCI Mesquite Prop LP				25,123,880	9	0.46%
Sun Life Assur Co of Can				24,359,160	10	0.45%
Total	<u>804,618,590</u>		6.51%	<u>601,958,921</u>		7.71%
Total Taxable Assessed Valuation	<u>\$ 12,359,685,000</u>			<u>\$ 5,464,313,662</u>		

Source: Tax Division, Finance Department

Total Taxable Assessed Valuation from Schedule 9 and 15.

**City of Mesquite, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Schedule 12

Fiscal Year Ended September 30	Adjusted Current Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount (1)	Percent of Levy		Amount	Percent of Levy	
2015	36,282,438	35,805,787	98.69	217,340	36,023,127	99.29	259,311
2016	37,960,913	37,517,675	98.83	186,695	37,704,370	99.32	256,543
2017	43,954,143	43,411,278	98.76	256,839	43,668,117	99.35	286,026
2018	48,024,985	47,447,876	98.80	236,133	47,684,009	99.29	340,976
2019	55,708,582	54,944,161	98.63	303,773	55,247,934	99.17	460,648
2020	60,103,187	59,289,630	98.65	509,235	59,798,865	99.49	304,322
2021	62,336,159	61,682,155	98.95	449,481	62,131,636	99.67	204,523
2022	68,496,653	67,479,777	98.52	169,263	67,649,040	98.76	847,613
2023	72,816,166	71,543,792	98.25	157,249	71,701,041	98.47	1,115,125
2024	92,155,575	89,935,953	97.59	-	89,935,953	97.59	2,219,622

Note: Collections do not include penalty and interest on delinquent taxes.

(1) Collection amount excludes amounts related to local finance assessments

City of Mesquite, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Schedule 13

Fiscal Year	Governmental Activities								Total
	General Obligation Bonds	Certificates of Obligations	Special Assessment Bonds	Net Premium/ (Discount) on Bonds (2)	Public Property Finance Contractual Obligations	Notes Payable	Lease Obligations	SBITA Obligations	
2015	40,995,000	88,355,000	-	3,830,389	-	1,763,191	25,644	-	134,969,224
2016	79,340,000	74,945,000	-	8,521,721	-	1,166,008	-	-	163,972,729
2017	82,210,000	69,235,000	-	9,385,301	-	578,096	-	-	161,408,397
2018	108,940,000	76,200,000	7,245,000	12,808,171	-	-	-	-	205,193,171
2019	100,740,000	80,385,000	31,835,000	11,634,912	-	-	-	-	224,594,912
2020	122,010,000	67,685,000	31,835,000	14,613,527	-	-	-	-	236,143,527
2021	112,855,000	79,550,000	31,465,000	14,022,079	-	-	-	-	237,892,079
2022	118,710,000	101,225,000	30,930,000	15,042,845	-	-	343,957	-	266,251,802
2023	107,785,000	151,520,000	79,254,000	16,914,132	-	-	230,854	1,235,886	356,939,872
2024	112,185,000	174,465,000	78,231,000	19,186,643	-	-	285,886	871,094	385,224,623

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

(1) See Schedule 18 - Demographic and Economic Statistics for effective buying income and population data.

(2) Net premium/discount on bonds payable is presented starting with fiscal year 2015.

City of Mesquite, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Schedule 13

Fiscal Year	Business-Type Activities					Total	Total Primary Government	Percentage of Effective Buying Income (1)	Per Capita (1)
	Water/Sewer Revenue Bonds	Drainage Utility District Revenue Bonds	Net Premium/ (Discount) on Bonds (2)	Lease Obligations	SBITA Obligations				
2015	72,195,000	2,485,000	2,276,216	6,282	-	76,962,498	211,931,722	8.21%	1,490.06
2016	73,105,000	2,060,000	3,344,683	-	-	78,509,683	242,482,412	9.04%	1,696.27
2017	75,100,000	1,625,000	4,376,177	-	-	81,101,177	242,509,574	8.74%	1,695.16
2018	76,525,000	1,175,000	4,773,464	-	-	82,473,464	287,666,635	10.18%	2,006.74
2019	85,650,000	8,725,000	5,642,059	-	-	100,017,059	324,611,971	10.82%	2,238.24
2020	98,140,000	8,140,000	7,983,134	-	-	114,263,134	350,406,661	11.52%	2,409.78
2021	117,875,000	7,630,000	9,490,914	-	-	134,995,914	372,887,993	10.37%	2,484.13
2022	143,695,000	10,820,000	11,650,904	278,813	-	166,444,717	432,696,519	13.38%	2,846.31
2023	166,375,000	10,435,000	12,350,310	836,453	-	189,996,763	546,936,635	17.00%	3,550.55
2024	174,065,000	9,995,000	12,246,142	625,770	-	196,931,912	582,156,535	18.53%	3,888.56

City of Mesquite, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Fiscal Year	Population (1)	Taxable Assessed Value (in 000s) (2)	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property	Net General Bonded Debt Per Capita
2015	142,230	5,735,841	134,943,580	470,685	\$ 134,472,895	2.34%	945.46
2016	142,950	5,962,562	163,972,729	85,167	\$ 163,887,562	2.75%	1,146.47
2017	143,060	6,527,470	161,408,397	599,175	\$ 160,809,222	2.46%	1,124.07
2018	143,350	7,099,325	197,948,171	45,694	\$ 197,902,477	2.79%	1,380.55
2019	145,030	7,832,341	192,759,912	4,167	\$ 192,755,745	2.46%	1,329.07
2020	145,410	8,373,445	204,308,527	821,500	\$ 203,487,027	2.43%	1,399.40
2021	150,108	8,485,892	206,427,079	1,413,685	\$ 205,013,394	2.42%	1,365.77
2022	152,020	9,907,947	234,977,845	1,475,223	\$ 233,502,622	2.36%	1,536.00
2023	154,043	10,918,177	276,219,132	3,653,715	\$ 272,565,417	2.50%	1,769.41
2024	155,382	12,359,685	305,836,643	5,846,508	\$ 299,990,135	2.43%	1,930.66

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

Sources: (1) See Schedule 15

(2) See Schedule 9

City of Mesquite, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2024
(Unaudited)

Schedule 15

Taxing Jurisdiction	Total Outstanding Debt (1)	Estimated Percent Applicable (2)	Direct and Estimated Overlapping Debt
Direct:			
City of Mesquite	\$ 385,224,623	100.00%	\$ 385,224,623
Overlapping:			
Dallas County	198,645,000	3.28%	6,515,556
Dallas County Community College District	318,675,000	3.28%	10,452,540
Dallas County Hospital District	527,660,000	3.28%	17,307,248
Kaufman County	175,490,000	1.23%	2,158,527
Crandall Independent School District	655,349,280	85.02%	557,177,958
Mesquite Independent School District	238,300,000	0.54%	1,286,820
Dallas Independent School District	4,064,130,000	0.14%	5,689,782
Forney Independent School District	1,155,827,272	2.45%	28,317,768
Garland Independent School District	1,111,765,000	0.02%	222,353
Total overlapping	<u>8,445,841,552</u>		<u>629,128,552</u>
Total direct and estimated overlapping bonded debt	<u>\$ 8,831,066,175</u>		<u>\$ 1,014,353,175</u>

Ratio, direct and estimated overlapping debt to fiscal 2023 taxable assessed valuation (3) 8.21%

Per capita direct and estimated overlapping bonded debt (4) \$ 6,528

Notes:

(1) Including bonds payable, notes payable, leases and SBITAs. Source is most recent Texas Municipal Reports, publication of the Municipal Advisory Council of Texas

(2) The methodology for deriving overlapping percentages is to determine the estimated shared assessed valuation of the overlapping taxing body(s) and the City's; divide the shared value by the total assessed value of the overlapping taxing body.

(3) Fiscal 2024 taxable assessed valuation (Net of TIF \$12,359,685)

(4) Based on 2024 population of 155,382.

As a home rule city, the City of Mesquite is not limited by law in the amount of debt it may issue. The City's charter (Article 5, Section 2) states:

"The City Council shall have the power and is hereby authorized and made its duty to levy, of paying the interest and providing the sinking fund on the bonded indebtedness of the City of Mesquite now in existence or which may hereafter be created an ad valorem tax on real, personal or mixed property in such amounts and at such rates as shall be determined by the City Council subject to applicable limitations and prohibitions now or hereafter contained in the Constitution of the State of Texas."

Article 11, Section 5 of the State of Texas Constitution states in part:

"but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2024, is \$0.6900 per \$100 of assessed valuation with assessed valuation being 100% of market value.

**City of Mesquite, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)**

Schedule 17

Year Ended September	Operating Revenue and Other (1)	Less: Operating Expense and Other (2)	Net Available Revenue	Total Debt Payments Required (3)	Years Remaining	Average Annual Debt Payment	Coverage (4)
Water and Sewer Bonds							
2015	53,676,246	37,584,068	\$ 16,092,178	93,172,648	20	4,658,632	3.5
2016(5)	59,870,312	46,899,920	12,970,392	93,973,373	20	4,698,669	2.8
2017	63,876,537	49,921,956	13,954,581	97,269,491	20	4,863,475	2.9
2018	68,430,178	52,242,775	16,187,403	99,859,175	20	4,992,959	3.2
2019	70,519,694	54,779,163	15,740,531	111,838,664	20	5,591,933	2.8
2020	74,595,801	56,492,038	18,103,763	130,118,840	20	6,505,942	2.8
2021	71,914,724	54,222,142	17,692,582	153,137,668	20	7,656,883	2.3
2022	78,324,996	57,447,375	20,877,621	193,214,625	20	9,660,731	1.5
2023	92,958,536	61,947,329	31,011,207	226,047,906	20	11,302,395	2.7
2024	98,306,316	70,845,154	27,461,162	236,412,299	20	11,820,615	2.3

Drainage Utility District Bonds

2015	3,380,515	717,806	\$ 2,662,709	\$ 3,237,015	7	391,420	6.8
2016(5)	3,818,308	888,855	2,929,453	2,739,938	6	373,850	7.8
2017	4,013,757	1,039,904	2,973,853	2,243,100	5	349,511	8.5
2018	4,062,964	1,139,921	2,923,043	1,747,556	4	312,436	9.4
2019	4,168,327	1,385,229	2,783,098	1,249,744	20	586,073	4.7
2020	4,861,275	1,778,341	3,082,934	11,721,457	19	567,815	5.4
2021	4,870,622	1,629,262	3,241,360	10,788,494	18	556,307	5.8
2022	5,370,679	2,655,656	2,715,023	10,013,519	20	758,592	3.6
2023	5,723,090	2,182,414	3,540,676	15,171,843	19	754,332	4.7
2024	5,409,076	3,258,157	2,150,919	13,488,200	18	749,344	2.9

Year Ended September	Special Assessment Collections	Total Debt Payments Required (3)	Years Remaining	Average Annual Debt Payment	Coverage
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Special Assessment Bonds

2019 (6)	\$ 865,155	\$ 66,460,128	30	\$ 2,215,338	0.4
2020	406,175	64,573,276	29	2,226,665	0.2
2021	2,552,381	62,442,732	28	2,230,098	1.1
2022	2,661,987	60,164,944	27	2,228,331	1.2
2023	2,917,123	57,797,583	26	2,228,331	1.2
2024	6,046,606	78,231,000	25	3,129,240	1.9

Notes:

(1) Includes operating and nonoperating revenues.

(2) Includes operating and non-operating expenses exclusive of depreciation, amortization, interest expense, and bond issuance costs.

(3) Includes principal and interest of revenue bonds only. Principal and interest amounts represent the amounts payable in subsequent fiscal years.

(4) The Water and Sewer Bond coverage requirement is 1.5 and the Drainage Utility District Bond coverage requirement is 1.25. The coverage calculation is Net Revenue Available divided by the Average Annual Debt Payment.

(5) Effective with Fiscal Year 2016, transfers out are included in the Operating Expense and Other amounts.

(6) 2018 was the year of issuance. Accordingly, no principal payments were scheduled. Further, there was not any special assessment debt outstanding in the previous years that was secured by pledged revenue.

**City of Mesquite, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Schedule 18

Fiscal Year	Population (1)	Total Retail Sales (in thousands of dollars) (2)	Effective Buying Income (EBI) (in thousands of dollars) (2)	Median Household EBI (2)	Number of Households (2)	School Enrollment (3)	Unemployment Unemployment Rate (4)
2015	142,230	N/A	2,581,622	49,871	51,766	39,527	4.3%
2016	142,950	N/A	2,683,515	52,395	51,217	41,067	3.9%
2017	143,060	N/A	2,774,535	54,440	50,965	41,025	3.2%
2018	143,350	N/A	2,824,625	55,890	50,539	41,022	3.7%
2019	145,030	N/A	2,999,387	59,149	50,709	39,638	3.5%
2020	145,410	N/A	3,042,094	61,047	49,832	38,533	8.1%
2021	150,108	N/A	3,595,191	68,229	52,693	38,359	4.8%
2022	152,020	N/A	3,234,279	62,624	51,646	38,367	4.7%
2023	154,043	N/A	3,216,352	63,993	50,261	38,228	4.0%
2024	155,382	N/A	3,260,122	67,778	48,100	37,933	3.9%

Sources:

(1) Population count is determined by official ordinance adopted by City Council as of October 1 of each year.

(2) Effective Buying Income estimated based on median household EBI and number of households; information obtained from the City Economic Development Department.

(3) Mesquite Independent School District

(4) Texas Workforce Commission

**City of Mesquite, Texas
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 19

Employer	2024 Range	2015 Range
Mesquite Independent School District	1,000 +	1,000 +
Town East Mall	1,000 +	
United Parcel Service Inc	1,000 +	1,000 +
Canadian Solar	1,000 +	
City of Mesquite	1,000 +	1,000 +
Pepsi Beverages Co	1,000 +	500-999
Eastfield College	500-999	500-999
Walmart Supercenter	500-999	500-999
Ashley Furniture	500-999	
Dallas Regional Medical Center (Formerly Mesquite Community Hospital)	500-999	500-999
Total Estimated City Employment	74,990	75,318

Source: GISPlanning (a data company) and the City of Mesquite Economic Development Division, Business Retention and Expansion data collected by in-person interviews

Note: Employees listed by employer are estimates.

City of Mesquite, Texas
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Schedule 20

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
By Functions				
General government	118.50	124.86	131.61	135.39
Fire services	207.00	207.00	212.00	214.00
Police services	314.50	324.50	327.50	331.50
Field services	129.00	129.00	131.00	130.00
Public works	22.00	22.00	23.00	23.00
Planning and Community development	36.40	42.95	45.05	48.25
Housing services	20.60	20.55	19.45	18.50
Library services	31.71	31.72	32.72	32.72
Parks and recreation	117.47	121.09	120.09	122.09
Community services	27.35	18.35	18.35	17.35
Water and Sewer	109.07	109.07	112.07	117.57
Drainage utility district	7.00	7.00	7.00	7.00
Municipal airport	7.90	7.90	7.90	7.90
Solid waste and equipment services (2)	-	-	-	-
Total employees by function	<u>1,148.50</u>	<u>1,165.99</u>	<u>1,187.74</u>	<u>1,205.27</u>
By Departments				
Administration	33.50	38.00	42.25	42.25
City Secretary	3.00	4.00	4.00	4.00
City Attorney	8.00	8.00	9.00	9.00
Economic Development	-	-	-	-
Communication and Marketing	-	-	-	-
Human Resources	14.00	13.00	14.50	14.50
Budget and Research	1.00	-	-	-
Finance	58.00	60.86	60.86	63.14
Information Technology	16.00	16.00	16.00	16.50
Fire service	207.00	207.00	212.00	214.00
Police Service	314.50	324.50	327.50	331.50
Public Works	252.07	252.07	258.07	263.57
Housing and community service	47.95	38.90	37.80	35.85
Planning and Community development	36.40	42.95	45.05	48.25
Parks/ Recreation/Building service	117.47	121.09	120.09	122.09
Library service	31.71	31.72	32.72	32.72
Airport service	7.90	7.90	7.90	7.90
Total employees by department	<u>1,148.50</u>	<u>1,165.99</u>	<u>1,187.74</u>	<u>1,205.27</u>
By Fund				
General	1,000.43	1,017.72	1,036.32	1,032.58
Grants	20.60	20.30	19.45	18.50
Water and Sewer	110.07	110.57	113.57	119.07
Drainage Utility District	7.00	7.00	7.00	7.00
Municipal Airport	7.90	7.90	7.90	7.90
Golf Course (1)	-	-	16.72	16.72
Solid waste and equipment services (2)	-	-	-	-
Hotel/Motel	2.50	2.50	3.50	3.50
Total employees by fund	<u>1,148.50</u>	<u>1,165.99</u>	<u>1,204.46</u>	<u>1,205.27</u>

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Notes: (1) Golf Course fund created in 2017.

(2) The solid waste and equipment services fund became a separate fund beginning in fiscal year 2024. It was previously included as part of general government in the governmental activities.

Schedule 20

2019	2020	2021	2022	2023	2024
139.24	141.83	141.83	147.49	163.99	155.23
217.00	213.00	227.00	236.00	251.00	251.00
333.50	337.50	347.50	351.50	355.50	356.00
134.00	139.00	142.00	141.50	168.00	164.50
24.00	24.00	21.00	24.00	20.00	21.00
52.25	52.25	55.25	57.25	64.25	61.25
18.50	17.50	17.50	19.00	19.50	16.00
32.72	32.72	32.72	32.72	32.72	32.72
131.79	131.79	149.79	149.02	144.02	144.74
18.35	21.00	22.00	22.50	22.50	22.50
112.57	111.57	123.57	126.07	113.57	136.07
10.00	11.00	12.00	13.00	20.00	14.00
9.48	9.48	9.48	11.40	11.80	11.80
-	-	-	-	-	89.00
<u>1,233.40</u>	<u>1,242.64</u>	<u>1,301.64</u>	<u>1,331.45</u>	<u>1,386.85</u>	<u>1,475.81</u>
42.50	43.00	42.00	47.26	32.00	32.00
4.00	5.00	5.00	5.00	5.00	5.00
9.60	9.60	9.60	9.00	10.00	10.00
-	-	-	-	9.26	9.00
-	-	-	-	6.00	6.00
14.50	14.50	15.50	15.00	15.00	15.00
-	-	-	-	-	4.00
63.14	63.23	63.23	67.23	68.23	64.23
17.50	17.50	18.50	18.50	18.50	16.00
217.00	213.00	227.00	236.00	251.00	251.00
333.50	337.50	347.50	351.50	355.50	356.00
268.57	274.57	286.57	290.07	321.57	322.57
36.85	38.50	39.50	41.50	42.00	45.50
52.25	52.25	55.25	57.25	64.25	61.25
131.79	131.79	149.79	149.02	144.02	144.74
32.72	32.72	32.72	32.72	32.72	32.72
9.48	9.48	9.48	11.40	11.80	11.80
<u>1,233.40</u>	<u>1,242.64</u>	<u>1,301.64</u>	<u>1,331.45</u>	<u>1,386.85</u>	<u>1,386.81</u>
1,064.13	1,073.37	1,119.37	1,141.00	1,194.00	1,190.66
18.50	17.50	17.50	19.00	19.00	23.00
111.57	111.57	123.57	126.07	127.07	127.07
10.00	11.00	12.00	13.00	14.00	14.00
9.48	9.48	9.48	11.40	11.80	11.80
16.72	16.72	16.72	16.72	16.72	16.02
-	-	-	-	-	89.00
3.00	3.00	3.00	4.26	4.26	4.26
<u>1,233.40</u>	<u>1,242.64</u>	<u>1,301.64</u>	<u>1,331.45</u>	<u>1,386.85</u>	<u>1,475.81</u>

City of Mesquite, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018
Functions				
Fire services				
Number of calls answered	17,693	18,539	18,691	18,558
Inspections	2,493	1,250	1,812	3,068
Police services				
Reported index crimes	6,346	6,323	5,923	5,798
Criminal arrests	4,679	4,749	4,996	6,147
Traffic citations	24,965	18,116	26,912	31,188
Field services				
Residential solid waste customers	37,540	37,500	37,600	37,600
Annual tons recycled	37,850	37,850	40,296	40,084
Work hours per mile of streets and alleys	82.25	298.10	289.06	249.07
Public works				
Traffic studies conducted	330	355	648	554
Engineering Information requests(1)	107,853	371,971	486,417	937,595
Housing services				
Number of HUD allocated unit months	16,848	16,848	16,848	16,848
Community development				
Residential building permits	1,580	2,229	2,181	2,744
Commercial building permits	626	633	720	890
Environmental code violations	15,881	14,132	25,701	20,472
Food inspections conducted	1,909	2,072	2,128	2,198
Library services				
Library visits per capita	2.32	2.06	1.89	1.83
Registered borrowers per capita	0.31	0.22	0.23	0.21
Parks and recreation				
Work hours per acre of park land	59.23	59.41	60.24	36.04
Athletic program participants	3,100	3,515	3,523	3,182
Aquatic program participants	85,000	78,586	78,247	73,516
Tennis program participants	8,500	9,327	8,500	6,500
Recreation centers programs offered	1,000	1,037	1,135	900
Community services				
Number of health clinic clients(2)	2,430	2,187	2,307	2,713
Number of volunteer hours	68,868	80,843	74,945	83,075
Arts center events	1,206	1,180	1,330	1,050
Arts center participants	138,225	167,850	174,300	143,660
Animals processed by animal shelter	6,592	6,070	5,567	6,001
Water and Sewer				
Number of gallons of water pumped (000s)	5,855,090	5,973,641	5,346,643	5,787,400
Water main breaks	276	395	105	243
Miles of sewer mains cleaned	82	118	126	155

Source: Prior and Current year City of Mesquite Annual Operating Budget

(1) The metric used to track engineering information requests was re-evaluated in FY21 and as a result, the previous metric (Public Works website inquiries) has been discontinued. Starting in FY21, a metric more closely tied to Public Works functions (number of Engineering Records Requests filed and completed) has been put into practice.

(2) The health clinic closed in 2020.

Schedule 21

2019	2020	2021	2022	2023	2024
18,726	18,609	22,156	22,409	22,146	22,611
2,809	2,080	2,562	1,848	1,615	1,963
5,698	5,391	6,944	7,244	7,904	6,922
6,510	4,638	4,122	5,426	6,429	5,914
37,111	28,122	20,656	19,367	18,712	18,276
38,000	38,000	39,263	60,918	59,799	65,116
40,193	40,200	53,421	52,874	51,785	65,393
63.24	88.19	86.73	88.19	82.48	
831	990	1,120	1,120	822	837
971,341	1,002,266	1,290	1,968	2,064	
16,848	17,382	17,928	18,120	16,258	15,711
3,387	3,495	4,035	3,084	2,941	3,592
470	189	550	486	528	415
19,469	16,399	26,077	24,286	21,574	27,104
2,232	1,869	2,414	2,423	2,614	2,531
1.77	0.92	0.79	0.89	1.00	1.08
0.20	0.05	0.15	0.12	0.13	0.13
40.46	42.01	36.30	36.30	83.00	83.00
3,093	1,371	5,132	2,934	2,240	2,193
74,318	389	29,436	33,937	41,701	33,135
2,780	5,650	1,238	384	232	302
1,672	1,035	1,115	1,699	2,983	316
3,731	215	-	-	-	-
61,021	29,111	51,427	74,845	141,433	17,219
640	216	276	398	504	529
80,840	22,830	55,780	61,750	87,350	83,600
6,543	4,984	6,205	4,667	3,565	3,759
6,066,383	5,909,548	6,101,734	6,912,736	7,456,234	7,794,950
172	206	132	159	218	249
150	126	125	103	140	122

City of Mesquite, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Functions			
Police services			
Police vehicles	221	226	217
Field services			
Miles of streets	440	440	440
Miles of alleys	220	220	220
Number of vehicles in City fleet	734	660	702
Parks and recreation			
Parks acreage	1,650	1,650	1,700
Number of parks	70	70	70
Water and Sewer			
Water system miles	568	568	585
Water system connections	55,135	55,174	54,608
Sewer system miles	494	494	483
Sewer system connections	53,764	53,803	52,604

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Schedule 22

2018	2019	2020	2021	2022	2023	2024
220	235	248	189	238	230	229
440	440	440	440	528	528	551
220	220	220	220	217	217	219
675	722	742	857	941	931	-
1,700	1,700	1,700	1,700	1,803	1,803	1,803
70	70	70	70	70	70	70
485	602	613	630	673	689	702
52,688	55,725	55,980	57,225	57,967	58,122	58,958
498	485	483	491	494	514	517
52,688	55,725	55,980	57,225	57,967	58,122	58,958

