



MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

April 1, 2024

To the Honorable Mayor and
Members of the Town Council
400 Woodland Dr.
Town of Copper Canyon, Texas 75077-8501

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 Town of Copper Canyon, Texas for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Copper Canyon, Texas are described in Note 1 to the financial statements. In 2022, the Town implemented GASB Statement No. 87 *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant adjustments as a result of the implementation of this standard. We noted no transactions entered into by the Town of Copper Canyon, Texas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Town's financial statements were:

Management's estimate of the depreciable lives and residual value of capital assets is based on historical experience in collections. We evaluated the key factors and assumptions used to develop the depreciable lives and residual value of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of its net pension liability and total OPEB liability are based on reports received from the Texas Municipal Retirement System (TMRS). The net pension liability and total OPEB liability reported by TMRS is based on actuarial valuations that utilize various assumptions including the remaining amortization period, discount rate, expected rates of investment return, salary increases, payroll growth rates and mortality rates. The financial statements of the TMRS plan were audited by CliftonLarsonAllen, LLP. These financial statements received unmodified opinions. We evaluated the audited financial statements, census data submitted by the Town to TMRS and the Town's controls over the census submission process that were used to develop the estimate of its net pension liability and total OPEB liability to determine that the estimate is reasonable in relation to the financial statements taken as a whole.

Honorable Mayor and
Members of the Town Council
Town of Copper Canyon, Texas
April 1, 2024

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosures of the defined benefit pension plan and postemployment benefits other than pensions (OPEB) in Notes H and I to the financial statements are based on various reports provided by TMRS. The reports are based on the audited financial statements of the pension plan and actuarial reports provided by a third party.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 1, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Honorable Mayor and
Members of the Town Council
Town of Copper Canyon, Texas
April 1, 2024

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Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Budgetary Comparison Schedules, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Town Council and management of the Town of Copper Canyon, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MWH Group, P.C.

MWH GROUP, P.C.



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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

April 1, 2024

To the Honorable Mayor and
Members of the Town Council
400 Woodland Dr.
Town of Copper Canyon, Texas 75077-8501

Members of the Town Council:

In planning and performing our audit of the financial statements of the Town of Copper Canyon, Texas (Town), for the year ended September 30, 2022, we considered the Town's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we also became aware of opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated April 1, 2024 on the financial statements of the Town.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Current Year Comments

Capitalization Policy

Comment: The Town's capitalization policy for recording property and equipment additions is currently set at \$1,000. As prices have inflated over the years this has resulted in more items exceeding the threshold which requires them to be recorded as long-term assets and tracked for continued use and eventual disposal.

Recommendation: We recommend that the Town increase its capitalization threshold from \$1,000 to \$2,500 or \$5,000 to lessen the administrative burden required to track numerous small value items.

Closing Comments

We wish to thank management and all of those with whom we worked for their support and assistance during our audit.

This report is intended solely for the information and use of the Town Council and management of the Town of Copper Canyon, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MWH Group, P.C.

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Independent Auditors' Report

**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Town Council
Town of Copper Canyon, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Copper Canyon, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Copper Canyon, Texas' basic financial statements, and have issued our report thereon dated April 1, 2024.

Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.

April 1, 2024

**TOWN OF COPPER CANYON, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A. Summary of Auditor's Results - Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes <u> X </u> No
Significant deficiency identified that is not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

B. Financial Statement Findings

None reported.



TOWN OF COPPER CANYON, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022



**TOWN OF COPPER CANYON, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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Independent Auditor's Report on Financial Statements

Town Council
Town of Copper Canyon, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Copper Canyon, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Copper Canyon's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Copper Canyon, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Copper Canyon, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Town of Copper Canyon, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Copper Canyon'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, budgetary comparison schedules, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios information on pages 4 through 10 and 37 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024, on our consideration of the Town of Copper Canyon, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Copper Canyon, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Copper Canyon, Texas' internal control over financial reporting and compliance.

Respectfully submitted,



MWH GROUP, P.C.

Wichita Falls, Texas
April 1, 2024

TOWN OF COPPER CANYON, TEXAS

TOWN OFFICIALS

SEPTEMBER 30, 2022

MAYOR	Ron Robertson
MAYOR PRO TEM	Steven Hill
DEPUTY MAYOR PRO TEM	Rudy Castillo
COUNCIL MEMBERS	Dale Andrews
	Larry Johnson
	Jeff Mayer
TOWN ADMINISTRATOR	Donna Welsh
SECRETARY	Sheila Morales
MUNICIPAL COURT JUDGE	Robin Ramsay
ATTORNEY	Robert Hager Nichols, Jackson, Dillard, Hager & Smith, LLP



**TOWN OF COPPER CANYON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Copper Canyon, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2022.

Management's discussion and analysis ("MD&A") has been designed to [1] assist readers and interested parties in focusing on significant financial issues [2] provide an overview of the Town's financial activity, [3] identify changes in the Town's financial position, including its ability to address the next and subsequent years challenges, [4] identify material deviations from the approved budgets adopted by the Town Council (those charged with governance), and [5] identify individual fund issues or concerns.

Because MD&A focuses on the current year's activity, resulting changes and currently known facts, you are encouraged to read it in conjunction with the basic financial statements including notes thereto, required supplemental information, and other supplementary data provided below.

FINANCIAL HIGHLIGHTS

- The Town's government-wide assets and deferred outflows exceeded its government-wide liabilities and deferred inflows at September 30, 2021, by \$13,097,049, an increase of \$2,006,792 from the prior year.
- At September 30, 2022, the Town's governmental funds reported combined fund balances of \$4,451,060, an increase of \$890,247 from the prior year.
- The Town's capital assets, reported at cost less accumulated depreciation, total \$10,403,588 at September 30, 2022, while the Town's long-term debt totaled \$1,805,000 at September 30, 2022.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town'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.

Reporting the Town as a Whole - Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities:

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The Statement of Net position (page 11) presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities (page 12) presents information showing how the Town'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The Town provides two types of activities – Governmental-type activities and Business-type activities.

- Governmental-type activities include basic services such as police, municipal court, inspection, parks, public works, and general administration. Property tax, sales taxes, franchise fees, municipal court fines and permit revenues finance most of these activities.
- Business-type activities includes the wastewater system for a subdivision within the Town. The Town charges user fees to customers to cover all or most of the costs associated with the wastewater services.

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Fund financials begin on page 13 and provide detailed information about the most significant funds, not the Town as a whole. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements; however, the Town Council may establish other funds to help it control and manage money for particular purposes. The Town's kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- Governmental funds are used to report most of the Town's basic services. The Town's governmental activities are reported in four governmental funds: the General Fund, Debt Service Fund, the Capital Improvement Projects Fund and the Town of Copper Canyon Crime Control and Prevention District. Governmental funds focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements, the Balance Sheet (page 13) and the Statement of Revenues, Expenditures and Changes in Fund Balance (page 14) provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. A reconciliation is provided to describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation in Exhibits A-4 and A-6.
- Proprietary funds are used to report Town services when customers are charged for the services provided. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's wastewater fund is the same as the business-type activities reported in the government-wide statements, but there is more detail and additional information, such as cash flows, provided for the proprietary fund.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the Town's net position is its investment in capital assets, (land, building, equipment, and infrastructure.) The Town uses these capital assets to provide services to the Town's citizens, consequently these assets are not available for future spending.

The Town's net position is as follows:

**Table A-1
Town's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 5,006,037	\$ 4,145,744	\$ 17,444	\$ -	\$ 5,023,481	\$ 4,145,744
Capital assets, net	9,353,674	9,641,378	1,049,914	-	10,403,588	9,641,378
Total assets	<u>14,359,711</u>	<u>13,787,122</u>	<u>1,067,358</u>	<u>-</u>	<u>15,427,069</u>	<u>13,787,122</u>
Deferred outflows of resources	29,019	27,687	-	-	29,019	27,687
Current and other liabilities	887,218	902,860	1,305	-	888,523	902,860
Long-term debt	1,430,000	1,805,000	-	-	1,430,000	1,805,000
Total liabilities	<u>2,317,218</u>	<u>2,707,860</u>	<u>1,305</u>	<u>-</u>	<u>2,318,523</u>	<u>2,707,860</u>
Deferred inflows of resources	40,516	16,692	-	-	40,516	16,692
Net assets						
Net investment in capital assets	7,548,674	8,929,941	1,049,914	-	8,598,588	8,929,941
Restricted	943,669	501,347	6,773	-	950,442	501,347
Unrestricted	3,538,653	1,658,969	9,366	-	3,548,019	1,658,969
Total net assets	<u>\$12,030,996</u>	<u>\$11,090,257</u>	<u>\$ 1,066,053</u>	<u>\$ -</u>	<u>\$13,097,049</u>	<u>\$11,090,257</u>

The Town's net position increased \$2,006,792 from September 30, 2021, to September 30, 2022. The largest portion (66%) of the Town's net position is its investment in capital assets, (land, building, equipment, and infrastructure.) The Town uses these capital assets to provide services to the Town's citizens; consequently, these assets are not available for future spending.

The Town has restricted net position as follows at September 30, 2022:

Debt service	\$ 65,865
Court security and technology	39,609
Crime Control	226,522
Capital projects	611,673
Wastewater system	6,773
	<u>\$ 950,442</u>

The Crime Control and Prevention District was created in November 2015. Since its inception the District has been accumulating funds to be used to support the future needs for the Town's public safety.

Analysis of Town's Operations

A summary of the Town's operations for the years ended September 30, 2022 and 2021 is as follows:

Table A-2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 1,035,879	\$ 782,811	\$ 24,606	\$ -	\$ 1,060,485	\$ 782,811
Operating grants and contributions	75	-	-	-	75	-
Capital grants and contributions	813,458	1,402,273	1,049,914	-	1,863,372	1,402,273
General revenues:						
Property taxes	938,814	875,635	-	-	938,814	875,635
Sales taxes	224,705	170,310	-	-	224,705	170,310
Franchise fees	148,947	111,687	-	-	148,947	111,687
Miscellaneous	100	-	-	-	100	-
Investment earnings	16,381	15,749	-	-	16,381	15,749
Total revenues	3,178,359	3,358,465	1,074,520	-	4,252,879	3,358,465
Expenses						
General government	540,383	540,784	-	-	540,383	540,784
Public safety	398,051	390,727	-	-	398,051	390,727
Public works	1,269,403	1,237,694	-	-	1,269,403	1,237,694
Interest on long-term debt	29,783	64,169	-	-	29,783	64,169
Wastewater services	-	-	8,467	-	8,467	-
Total expenses	2,237,620	2,233,374	8,467	-	2,246,087	2,233,374
Increase in net assets	\$ 940,739	\$ 1,125,091	\$ 1,066,053	\$ -	\$ 2,006,792	\$ 1,125,091

Charges for services revenues primarily includes permit revenues and municipal court fines. The Town has approved a large residential development and permit revenues increased \$291,594 (54%) from the prior year.

Sales tax revenues increased \$54,395 (24%) and property tax revenues increased \$63,179 (7%) from the prior year. The Town reduced its total property tax rate in 2022, but tax collections increased due to increased assessed values of taxable property.

In fiscal year 2022 the Town received \$813,458 of Denton County Road funds that were used for improvements to Chinn Chapel Road. During 2021 the Town received \$1,402,273 of Denton County Road funds for Chinn Chapel Road improvements. The Town also received developer contributions of infrastructure in the Vickery Park residential development, totaling \$1,049,914. These reimbursements are included under Capital Grant and Reimbursement revenues.

Total governmental program expenses increased \$4,246 (0.6%) in 2022 from 2021. Public works expenses increased \$31,709 (2%) and public safety expenses increased \$7,324 (2%). General government expenses decreased \$401 and interest on long-term debts decreased \$34,386 (115%).

In 2022, the Town established a proprietary fund to account for wastewater services provided in certain residential developments in the Town. Revenues were \$24,606 and expenses were \$8,467 for wastewater services during the year.

GOVERNMENTAL FUND ANALYSIS

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

Governmental fund operating revenues and expenses compared to the prior year are as follows:

**Table A-3
Governmental Funds Revenues, Expenditures, and Changes in Fund Balance**

	2022	2021
Revenues		
Property taxes	\$ 919,430	\$ 917,377
Sales taxes	224,705	170,310
Franchise fees	148,947	111,687
Permits and fees	831,879	540,285
Municipal court	204,000	231,322
Intergovernmental revenues	885,963	1,329,844
Miscellaneous revenues	3,401	11,204
Interest income	16,381	15,749
Proceeds from the issuance of debt	-	525,000
Total Revenues	3,234,706	3,852,778
Expenditures		
General government	537,913	484,230
Public safety	401,516	392,779
Public works - roads and drainage	186,191	157,503
Debt service	403,883	424,233
Capital outlay	814,956	1,764,820
Total Expenditures	2,344,459	3,223,565
Excess revenues over expenditures	\$ 890,247	\$ 629,213

Fund basis operating revenues (total revenues less proceeds from the issuance of debt) decreased \$93,073 primarily due to the decrease Denton County road funds (\$443,882) as more of the Chinn Chapel project was completed and reimbursed in the prior year. This was partially offset by the increases in permits and fees revenues of \$291,594.

Total governmental fund operating (total expenditures less debt service and capital outlay expenditures) expenditures increased \$91,108 during 2022.

General Fund Budgetary Highlights

Actual 2022 general fund revenues were \$491,776 greater than budgeted 2022 revenues due to an increase in permit revenues related to a large development beginning in 2022. Sales tax and franchise revenues were over budget \$36,181 and \$29,237, respectively, while property taxes (\$27,172) and municipal court (\$18,680) were under budget.

Total actual 2022 general fund expenditures were \$15,106 under budgeted general fund expenditures. General government expenditures were \$68,669 over budget primarily due to engineering, planning and

other professional services being \$51,534 over budget.

Public safety expenditures were \$68,957 under budgeted expenditures primarily due to court personnel expenditures (\$40,543) and law enforcement contract services (\$26,316) being under budget while building inspection services were over budget by \$24,240.

There were no budget amendments during fiscal year 2022.

CAPITAL ASSETS

The Town's investment in capital assets as of September 30, 2022, amounts to \$10,403,588 (net of depreciation). The investment in capital assets includes land, buildings, equipment, and infrastructure.

The Town's capital assets, net of accumulated depreciation, are as follows:

Table A-4
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land - Town Hall	\$ 133,927	\$ 133,927	\$ -	\$ -	\$ 133,927	\$ 133,927
Construction in progress	-	1,454,607	-	-	-	1,454,607
Buildings - Town Hall	106,561	115,967	-	-	106,561	115,967
Office Equipment	9,733	18,303	-	-	9,733	18,303
Infrastructure	9,103,453	7,918,574	1,049,914	-	10,153,367	7,918,574
Totals	\$9,353,674	\$9,641,378	\$ 1,049,914	\$ -	\$10,403,588	\$ 9,641,378

Additional information on the Town's Capital Assets can be found in Note 5.

DEBT ADMINISTRATION

Outstanding long-term debts are as follows:

Table A-5
Long-term Liabilities Outstanding

	Governmental Activities	
	2022	2021
General obligation bonds	\$ 1,140,000	\$ 1,295,000
Tax notes	665,000	880,000
Totals	\$ 1,805,000	\$ 2,175,000

Additional information on the Town's long-term debts can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund budgeted revenues for fiscal year 2023 are \$1,866,909. These revenues include maintenance and operation property tax revenues of \$765,202, based on a tax rate of .277505 per \$100 of valuation, which did not change from the 2022 budget. Sales tax revenues are budgeted at \$104,000 compared to \$79,000 in 2022 and permit revenues are budgeted at \$376,000 compared to \$361,800 in 2022.

Budgeted revenues include \$100,000 to be transferred in from the Crime Control District to support public safety expenditures.

Budgeted 2023 general fund expenditures are \$1,653,380. Budgeted personnel expenditures are \$438,079, an increase of \$46,044 (11.7%) over 2022 budgeted expenditures. Professional fee expenditures are budgeted to total \$178,318, an increase of \$17,457 over 2022 budgeted professional fees. Law enforcement budgeted expenditures are \$240,000 a decrease of \$6,960 from the 2022 budget.

Public works road maintenance and engineering is budgeted at \$65,000 for 2023, an increase of \$4,400 from the 2022 budget.

The 2023 general fund budget results in a projected \$213,529 surplus.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Town of Copper Canyon. If you have questions about this report or need any additional information, contact the Town Secretary at 400 Woodland Drive, Copper Canyon, TX 75077 or at (940) 241-2677.

Basic Financial Statements

TOWN OF COPPER CANYON, TEXAS
GOVERNMENT-WIDE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash	\$ 3,515,876	\$ -	\$ 3,515,876
Receivables	149,073	5,737	154,810
Prepaid expenses	6,695	500	7,195
Interfund balances	(4,434)	4,434	-
Total current assets	<u>3,667,210</u>	<u>10,671</u>	<u>3,677,881</u>
Noncurrent assets			
Restricted cash & cash equivalents	1,294,558	6,773	1,301,331
Net pension asset	44,269	-	44,269
Total noncurrent assets	<u>1,338,827</u>	<u>6,773</u>	<u>1,345,600</u>
Capital assets			
Land - Town Hall	133,927	-	133,927
Construction in progress	-	-	-
Buildings and equipment	383,102	-	383,102
Infrastructure	19,810,692	1,049,914	20,860,606
Less: accumulated depreciation	(10,974,047)	-	(10,974,047)
Capital assets, net	<u>9,353,674</u>	<u>1,049,914</u>	<u>10,403,588</u>
Total assets	<u>\$ 14,359,711</u>	<u>\$ 1,067,358</u>	<u>\$ 15,427,069</u>
Deferred outflows of resources			
Deferred outflows of resources related to pension	\$ 27,465	\$ -	\$ 27,465
Deferred outflows of resources related to OPEB	1,554	-	1,554
Total deferred outflows of resources	<u>\$ 29,019</u>	<u>\$ -</u>	<u>\$ 29,019</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 45,772	\$ 1,305	\$ 47,077
Accrued liabilities	38,683	-	38,683
Unearned revenues	394,601	-	394,601
Accrued interest	3,836	-	3,836
Accrued compensated absences	17,752	-	17,752
Total current liabilities	<u>500,644</u>	<u>1,305</u>	<u>501,949</u>
Noncurrent liabilities			
Long-term debt due within one year	375,000	-	375,000
Long-term debt due in more than one year	1,430,000	-	1,430,000
Total OPEB liability	11,574	-	11,574
Total noncurrent liabilities	<u>1,816,574</u>	<u>-</u>	<u>1,816,574</u>
Total liabilities	<u>\$ 2,317,218</u>	<u>\$ 1,305</u>	<u>\$ 2,318,523</u>
Deferred inflows of resources			
Deferred inflows of resources related to pension	\$ 38,952	\$ -	\$ 38,952
Deferred inflows of resources related to OPEB	1,564	-	1,564
Total deferred inflows of resources	<u>\$ 40,516</u>	<u>\$ -</u>	<u>\$ 40,516</u>
Net position			
Net investment in capital assets	\$ 7,548,674	\$ 1,049,914	\$ 8,598,588
Restricted for:			
Debt service	65,865	-	65,865
Court security and technology	39,609	-	39,609
Crime control	226,522	-	226,522
Capital projects	611,673	-	611,673
System maintenance	-	6,773	6,773
Unrestricted	<u>3,538,653</u>	<u>9,366</u>	<u>3,548,019</u>
Total net position	<u>\$ 12,030,996</u>	<u>\$ 1,066,053</u>	<u>\$ 13,097,049</u>

TOWN OF COPPER CANYON, TEXAS
 GOVERNMENT-WIDE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities		Business-type Activities
Governmental activities:							
General Government	\$ (540,383)	\$ 831,879	\$ 75	\$ -	\$ 291,571	\$ -	\$ 291,571
Public Safety	(398,051)	204,000	-	-	(194,051)	-	(194,051)
Public Works	(1,269,403)	-	-	813,458	(455,945)	-	(455,945)
Interest on Long-Term Debt	(29,783)	-	-	-	(29,783)	-	(29,783)
Total governmental activities	<u>(2,237,620)</u>	<u>1,035,879</u>	<u>75</u>	<u>813,458</u>	<u>(388,208)</u>	<u>-</u>	<u>(388,208)</u>
Business-type activities:							
Wastewater	(8,467)	24,606	-	1,049,914	-	1,066,053	1,066,053
Total primary government	<u>\$ (2,246,087)</u>	<u>\$ 1,060,485</u>	<u>\$ 75</u>	<u>\$ 1,863,372</u>	<u>(388,208)</u>	<u>1,066,053</u>	<u>677,845</u>
				General Revenues:			
				Property Taxes	938,814	-	938,814
				Sales Taxes	224,705	-	224,705
				Franchise Fees	148,947	-	148,947
				Miscellaneous	100	-	100
				Interest Income	16,381	-	16,381
				Total general revenues	<u>1,328,947</u>	<u>-</u>	<u>1,328,947</u>
				Change in net position	940,739	1,066,053	2,006,792
				Net position, beginning	<u>11,090,257</u>	<u>-</u>	<u>11,090,257</u>
				Net position, ending	<u>\$ 12,030,996</u>	<u>\$ 1,066,053</u>	<u>\$ 13,097,049</u>

TOWN OF COPPER CANYON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	CIP Road Fund	Crime Control & Prevention District	Total Governmental Funds
Assets:					
Cash	\$ 2,865,860	\$ -	\$ 650,016	\$ -	\$ 3,515,876
Restricted cash	410,807	65,865	611,673	206,213	1,294,558
Receivables:					
Sales taxes and franchise fees	70,424	-	-	20,309	90,733
Denton County road reimbursements	-	-	-	-	-
Property taxes	25,654	5,998	-	-	31,652
Developers	26,688	-	-	-	26,688
Due from other funds	-	-	-	-	-
Prepaid expenses	6,695	-	-	-	6,695
Total Assets	<u>3,406,128</u>	<u>71,863</u>	<u>1,261,689</u>	<u>226,522</u>	<u>4,966,202</u>
Liabilities:					
Accounts payable	45,772	-	-	-	45,772
Due to other funds	4,434	-	-	-	4,434
Accrued liabilities	38,683	-	-	-	38,683
Unearned revenues	394,601	-	-	-	394,601
Total Liabilities	<u>483,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,490</u>
Deferred inflows:					
Unavailable revenue-property taxes	25,654	5,998	-	-	31,652
Fund balance:					
Non-spendable - prepaid expenses	6,695	-	-	-	6,695
Restricted for:					
Debt service	-	65,865	-	-	65,865
Court security and technology	39,609	-	-	-	39,609
Crime control and prevention	-	-	-	226,522	226,522
Capital improvements	-	-	611,673	-	611,673
Committed to:					
Economic stabilization	1,428,096	-	-	-	1,428,096
Capital improvements	561,348	-	650,016	-	1,211,364
Unassigned	861,236	-	-	-	861,236
Total Fund balance	<u>2,896,984</u>	<u>65,865</u>	<u>1,261,689</u>	<u>226,522</u>	<u>4,451,060</u>
Total Liabilities, deferred inflows and fund balances	<u>\$ 3,406,128</u>	<u>\$ 71,863</u>	<u>\$ 1,261,689</u>	<u>\$ 226,522</u>	<u>\$ 4,966,202</u>

TOWN OF COPPER CANYON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet (Exhibit A-3) \$ 4,451,060

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund Balance Sheet. Capital assets at year-end consist of:

Gross capital assets	20,327,721	
Less accumulated depreciation	<u>(10,974,047)</u>	9,353,674

Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the Fund Balance Sheet. 31,652

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Fund Balance Sheet. The long-term liabilities at year-end consist of:

Bonds payable	(1,805,000)	
Accrued interest	(3,836)	
Accrued compensated absences	<u>(17,752)</u>	(1,826,588)

The Town's net pension asset as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Net pension asset	44,269	
Deferred outflows of resources related to pension	27,465	
Deferred inflows of resources related to pension	<u>(38,952)</u>	32,782

The Town's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Total OPEB liability	(11,574)	
Deferred outflows of resources related to OPEB	1,554	
Deferred inflows of resources related to OPEB	<u>(1,564)</u>	(11,584)

Net position of governmental activities - statement of net position \$ 12,030,996

TOWN OF COPPER CANYON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	CIP Road Fund	Crime Control & Prevention District	Total Governmental Funds
Revenues					
Property taxes	\$ 852,859	\$ 66,571	\$ -	\$ -	\$ 919,430
Sales and beverage taxes	115,181	-	-	109,524	224,705
Franchise fees	148,947	-	-	-	148,947
Permits and fees	831,879	-	-	-	831,879
Municipal court	204,000	-	-	-	204,000
Intergovernmental revenues	75	-	885,888	-	885,963
Miscellaneous revenues	100	-	3,301	-	3,401
Interest income	9,756	398	5,537	690	16,381
Total revenues	<u>2,162,797</u>	<u>66,969</u>	<u>894,726</u>	<u>110,214</u>	<u>3,234,706</u>
Expenditures					
General government	537,913	-	-	-	537,913
Public safety	401,516	-	-	-	401,516
Public works - roads and drainage	45,782	-	140,409	-	186,191
Debt service - principal	215,000	155,000	-	-	370,000
Debt service - interest and related costs	11,083	22,800	-	-	33,883
Capital outlay	1,471	-	813,485	-	814,956
Total expenditures	<u>1,212,765</u>	<u>177,800</u>	<u>953,894</u>	<u>-</u>	<u>2,344,459</u>
Excess of revenues over (under) expenditures before other sources	<u>950,032</u>	<u>(110,831)</u>	<u>(59,168)</u>	<u>110,214</u>	<u>890,247</u>
Other financing sources (uses)					
Proceeds of 2020 tax notes	-	-	-	-	-
Transfers to (from) CCPD	100,000	-	-	(100,000)	-
Transfers to (from) CIP	142,700	-	(142,700)	-	-
Total other financing sources	<u>242,700</u>	<u>-</u>	<u>(142,700)</u>	<u>(100,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>1,192,732</u>	<u>(110,831)</u>	<u>(201,868)</u>	<u>10,214</u>	<u>890,247</u>
Fund balance - beginning	<u>1,704,252</u>	<u>176,696</u>	<u>1,463,557</u>	<u>216,308</u>	<u>3,560,813</u>
Fund balance - ending	<u>\$ 2,896,984</u>	<u>\$ 65,865</u>	<u>\$ 1,261,689</u>	<u>\$ 226,522</u>	<u>\$ 4,451,060</u>

TOWN OF COPPER CANYON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balance - Governmental Funds (Exhibit A-5) \$ 890,247

Amounts reported for governmental activities in the Statement of Activities (Exhibit A-2)
Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives as depreciation expense: The net difference between the two is as follows:

Capital assets recorded in the current period	814,956	
Depreciation expense on capital assets	<u>(1,102,660)</u>	(287,704)

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: 370,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenues - property taxes		(53,044)
------------------------------------	--	----------

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	179	
Accrued Interest on long-term debts	<u>798</u>	977

Changes in the net pension liability and related deferred outflows and inflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is: 20,951

Changes in the total OPEB liability and related deferred outflows and inflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is: (688)

Change in net position of governmental activities - statement of activities **\$ 940,739**

TOWN OF COPPER CANYON, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2022

	Wastewater Fund
Assets:	
Current assets:	
Accounts receivable	\$ 5,737
Due from other funds	4,434
Prepaid expenses	500
Total current assets	<u>10,671</u>
Restricted assets:	
Restricted cash	<u>6,773</u>
Noncurrent assets:	
Infrastructure	1,049,914
Accumulated depreciation	-
Total noncurrent assets	<u>1,049,914</u>
Total assets	<u><u>\$ 1,067,358</u></u>
Liabilities:	
Accounts payable	\$ 1,305
Total liabilities	<u>1,305</u>
Net position:	
Net investment in capital assets	1,049,914
Restricted for system maintenance	6,773
Unrestricted	9,366
Total fund balance	<u>1,066,053</u>
Total liabilities and net position	<u><u>\$ 1,067,358</u></u>

TOWN OF COPPER CANYON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Wastewater Fund
Revenues	
Wastewater charges	\$ 24,606
Total revenues	<u>24,606</u>
Expenses	
Treatment fees	7,467
Billing fees	1,000
Total expenses	<u>8,467</u>
Operating income	<u>16,139</u>
Non-operating revenue	
Developer contributions	1,049,914
Total non-operating revenue	<u>1,049,914</u>
Net income	1,066,053
Net position - beginning	-
Net position - ending	<u>\$ 1,066,053</u>

TOWN OF COPPER CANYON, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Wastewater Fund
Cash flows from operating activities:	
Cash received from customers	\$ 18,869
Cash payments for services	(7,662)
Net cash provided by operating activities	<u>11,207</u>
Cash flows from non-capital financing	
Loans provided to other funds	(4,434)
Net cash used by non-capital financing	<u>(4,434)</u>
Net increase in cash	6,773
Cash - beginning	<u>-</u>
Cash - ending	<u>\$ 6,773</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 16,139
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(5,737)
Prepaid expenses	(500)
Increase (decrease) in liabilities:	
Accounts payable	<u>1,305</u>
Net cash provided by operating activities	<u>\$ 11,207</u>
Noncash capital activities	
Contributions of capital assets from developers	<u>\$ 1,049,914</u>

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Copper Canyon operates under a Council-Mayor form of government, following the laws of a General Law Town as defined by the State of Texas. The Town provides the following services: code enforcement, inspection, police, municipal court, trails, public works, and general administrative services. In addition, the Town owns and operates a wastewater system.

The Town's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the Town are discussed below:

A. REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Copper Canyon (the primary government) and its component units. The following component units are included in the Town's reporting entity because of their operational and financial relationship with the Town.

Blended component units:

At its November 2015 election, the citizens of the Town of Copper Canyon approved the creation of the Town of Copper Canyon Crime Control and Prevention District (the C.C.P.D.) and adopted a local sales and use tax of one percent (.25%) to fund the C.C.P.D. The District is governed by a board of directors, all of whom are appointed by the Town Council of the Town of Copper Canyon. The purpose of the C.C.P.D. is to enhance the police department staffing levels to provide a higher level of crime prevention and crime control in the District. The C.C.P.D. began collecting sales tax revenues in April 2016.

Individual audited financial statements of the component unit are not issued. Management issued financial statements can be obtained from the Town's administrative offices.

B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's inspection, police, municipal court, trails, public works, and general administrative services are classified as governmental activities. The Town's wastewater services are classified as business-type activities.

In the government-wide Statement of Net Position governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the Town's Functions (general government, public safety, trails and recreation and public works). The functions are also supported by general government revenues (property, sales, and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, inspection). Operating grants include

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

operating-specific and discretionary grants while capital grants reflect capital specific grants. Developer contributions for public works infrastructure are included in capital grants.

The net costs (by function) are normally covered by general revenue (property, sales, and franchise taxes).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources not accounted for in other funds.

Debt Service Fund - 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 Town. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Improvement Projects Fund - The Capital Improvement Projects Fund is used to account for funds designated for capital improvement projects as identified by the Town's capital improvement projects budget. There is currently one active capital improvements projects, a road improvement project.

2. Proprietary Fund

The focus of proprietary fund's measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary fund of the Town:

Wastewater Fund - The Wastewater Fund is used to account for the operation of the Town's wastewater system for which a fee is charged to external customers for goods and services and the activity is (a) financed with debt secured by a pledge of the net revenues and (b) has the requirement that the cost of providing services, including capital costs, be recovered by user fees and charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result for providing services and

TOWN OF COPPER CANYON
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SEPTEMBER 30, 2022

producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of personnel and contractual services, supplies, repairs, utilities and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town does not have any Fiduciary Funds.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

1. Government-wide financial statements and proprietary fund financial statements: These financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized at the time the liability is incurred.
2. Governmental fund financial statements: These financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. 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 (typical within 60 days after year end). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized only when payment is due.
3. Revenue Recognition: The Town considers property, sales, and franchise taxes as available if collected within 60 days after year end. All other governmental revenues are recognized when received.
4. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles to local governments in the United States of America requires management and those charged with governance to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand and demand deposits.

2. Prepaid Expenses

Prepaid expenses represent payments made by the Town in the current year to provide services occurring in the subsequent years.

TOWN OF COPPER CANYON
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3. Interfund Receivables and Payables

Any residual balances outstanding between the governmental funds and business-type fund are reported in the government-wide statement of net position as "interfund receivables".

4. Transfers Between Funds

Legally authorized transfers are treated as interfund transfers are included in the results of operations of both Governmental and Proprietary Funds.

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, or improvements and other capital outlays that significantly extend the useful lives of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Office Equipment	3 - 10 years
Infrastructure	15 - 20 years

6. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available the Town first applies restricted resources.

7. Compensated Absences

The Town accrues accumulated unpaid vacation time when earned by the employee. The noncurrent portion (the amount estimated to be used in subsequent years) is maintained separately and represents a reconciling item between the fund and government-wide presentations.

8. Deferred Outflows of Resources

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statement include (1) a deferred outflow of resources for contributions made to the Town's retirement and OPEB plans between the measurement date of the net pension liabilities from the plan and the end of the Town's fiscal year and (2) deferred outflows of resources related to differences in OPEB assumptions changes.

The deferred outflows for pension and OPEB contributions will be recognized in the subsequent fiscal year. Deferred outflows related to OPEB assumption changes will be amortized to pension expense over a period of 1.48 to 4.32 years. No deferred outflows of resources affect the governmental funds financial statements in the current year.

9. Deferred Inflows of Resources

The Town reports increases in net assets that relate to future periods as deferred inflows of revenues. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements include (1) a deferred inflow of resources for revenues that are not considered

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available (2) deferred inflows of resources related to differences between pension and OPEB expected and actual experience, and (3) deferred inflows of resources related to differences between projected and actual pension plan investments.

For revenues that are not considered available the Town will not recognize the related revenues until they are available (collected no later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as deferred inflows of resources. The deferred inflows related to expected and actual experience will be amortized to pension expense over a period of 1.48 to 4.32 years and the deferred inflows related to projected and actual earnings will be amortized to pension expense over a period of 5 years. No deferred inflows of resources affect the governmental funds financial statements in the current year.

10. Pensions

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

11. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the criteria of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable (prepaid expenses), restricted (by parties outside of the government or by enabling legislation), committed (by Town Council ordinance or resolution) and unassigned.

F. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to September 1, the Town Secretary submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The

TOWN OF COPPER CANYON
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SEPTEMBER 30, 2022

operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through the passage of an ordinance.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Unused appropriations for all of the above budgeted funds lapse at the end of the fiscal year.

For the fiscal year ending September 30, 2022, the following departments had expenditures that exceeded appropriations:

General Government	\$68,669
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NOTE 2: PROPERTY TAX

Property tax is levied each October 1 on the assessed (appraised) value as of the prior January 1 for all real and personal property located in the Town. Taxes are due October 1, the levy date, and are delinquent after the following January 31. Property taxes at the fund level are recorded as receivables and deferred revenues at the time taxes are assessed. Revenues are recognized as the related taxes are collected.

NOTE 3: DEPOSITS

At September 30, 2022, the Town's cash and cash equivalents were made up of the following:

Petty Cash	\$ 310
Held at a Local Bank	4,209,626
Held at LOGIC	<u>607,271</u>
 Total Cash & Cash Equivalents	 <u>\$ 4,817,207</u>

Cash and cash equivalents include the Town's investments in LOGIC a Texas Local Government Investment Pools. These investment pool funds are readily available and are recorded at cost.

Deposit and Investment Risk Disclosures:

- (1) Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of outside parties.

At September 30, 2022, the Town's bank balances (per bank) totaled \$4,078,860. Of the bank balances, \$250,000 was covered by federal depository insurance and \$4,154,470 was secured by collateral held by the pledging Bank's agent in the name of the Town. The Town was not exposed to any custodial credit risk at September 30, 2022.

Securities pledged by the Town's depository institution at September 30, 2022, are as follows:

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<u>Security</u>	<u>Par</u>	<u>FMV</u>
FFCB Callable	\$ 500,000	\$ 419,788
FHLMC Qtrly Call	500,000	373,883
FHLMC Gold	1,763	1,726
FHLMC	1,949,136	1,525,349
FNMA	365,397	335,299
Municipal Bonds	1,500,000	1,498,425
	<u>\$ 4,816,296</u>	<u>\$ 4,154,470</u>

- (2) Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The Town does not currently own any investments and, therefore, is not exposed to credit risk.
- (3) Concentration of credit risk - This is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town does not currently own any investments and, therefore, is not exposed to concentration of credit risk.
- (4) Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not currently own any investments and, therefore, is not exposed to interest rate risk.

Restricted Assets

Restricted assets consist of cash and cash equivalents held for specific purposes in accordance with bond ordinances or other legal restrictions, and are restricted for the following purposes:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>CIP Road Fund</u>	<u>Crime Control & Prevention District</u>	<u>Wastewater Fund</u>
COVID recovery	\$ 371,198	\$ -	\$ -	\$ -	\$ -
Debt service	-	65,865	-	-	-
Capital improvements	-	-	611,673	-	-
Court technology	465	-	-	-	-
Court security	39,144	-	-	-	-
Crime control	-	-	-	206,213	-
System maintenance	-	-	-	-	6,773
	<u>\$ 410,807</u>	<u>\$ 65,865</u>	<u>\$ 611,673</u>	<u>\$ 206,213</u>	<u>\$ 6,773</u>

NOTE 4: INTERFUND BALANCES AND ACTIVITY

Due To and From Other Funds

Balances due to and from other funds at September 30, 2022, consisted of the following:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>	<u>Reason</u>
Wastewater Fund	General Fund	<u>\$ 4,434</u>	Reimburse prior year collections

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
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Transfers

Transfers to and from other funds at September 30, 2022, consist of the following:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Crime Control & Prevention District	\$ 100,000	Support public safety
General Fund	CIP Road Fund	142,700	Transfer excess funds to reserve
	Total transfers	<u>\$ 242,700</u>	

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>Ending</u>
<u>Governmental activities:</u>				
Assets not being depreciated				
Land	\$ 133,927	\$ -	\$ -	\$ 133,927
Construction in progress	1,454,607	-	(1,454,607)	-
Total assets not being depreciated	<u>1,588,534</u>	<u>-</u>	<u>(1,454,607)</u>	<u>133,927</u>
Assets being depreciated				
Building and improvements	313,170	-	-	313,170
Equipment	68,461	1,470	-	69,931
Infrastructure	17,542,600	813,486	1,454,607	19,810,693
Total assets being depreciated	<u>17,924,231</u>	<u>814,956</u>	<u>1,454,607</u>	<u>20,193,794</u>
Less: accumulated depreciation				
Building and improvements	197,203	9,406	-	206,609
Equipment	50,158	10,040	-	60,198
Infrastructure	9,624,026	1,083,214	-	10,707,240
Total accumulated depreciation	<u>9,871,387</u>	<u>1,102,660</u>	<u>-</u>	<u>10,974,047</u>
Assets being depreciated, net	<u>8,052,844</u>	<u>(287,704)</u>	<u>1,454,607</u>	<u>9,219,747</u>
Total capital assets, net	<u>\$ 9,641,378</u>	<u>\$ (287,704)</u>	<u>\$ -</u>	<u>\$ 9,353,674</u>
<u>Business-type activities:</u>				
Assets being depreciated				
Infrastructure	\$ -	\$ 1,049,914	\$ -	\$ 1,049,914
Less: accumulated depreciation				
Infrastructure	-	-	-	-
Total capital assets, net	<u>\$ -</u>	<u>\$ 1,049,914</u>	<u>\$ -</u>	<u>\$ 1,049,914</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 19,447
Public Works	<u>1,083,213</u>
Total depreciation expense	<u>\$ 1,102,660</u>

TOWN OF COPPER CANYON
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SEPTEMBER 30, 2022

NOTE 6: LONG-TERM DEBT

General long-term debt activity for the fiscal year is as follows:

	Beginning	Additions	Payments	Ending	Current Portion
Governmental activities:					
General Obligation Bonds:					
Series 2016	\$ 265,000	\$ -	\$ (50,000)	\$ 215,000	\$ 50,000
Series 2019	1,030,000	-	(105,000)	925,000	110,000
Tax Notes:					
2019 Issuance	425,000	-	(140,000)	285,000	140,000
2020 Issuance	455,000	-	(75,000)	380,000	75,000
Total long-term debt	\$ 2,175,000	\$ -	\$ (370,000)	\$ 1,805,000	\$ 375,000

A description of the Town's long-term debt is as follows:

General Obligation Bonds:

In October 2016, the Town issued \$500,000 of general obligation bonds (noted as Series 2016) for the purpose of constructing and improving streets and associated drainage improvements within the Town

The bonds bear interest at 2.25%, payable from an ad valorem tax to be levied annually by the Town. The bonds mature in February 2026. The Town reserves the right, at its option, without penalty to redeem bonds maturing on and after February 15, 2019, in whole or part, at any time on or after February 15, 2019.

In November 2019, the Town issued \$1,255,000 of general obligation refunding bonds (noted as Series 2019) for the purpose of refunding the Series 2010 General Obligation Bonds. The bonds bear interest at 1.78%, payable from an ad valorem tax to be levied annually by the Town. The bonds mature in February 2030.

Future debt maturities for general obligation bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2023	\$ 160,000	\$ 19,761	\$ 179,761
2024	165,000	16,622	181,622
2025	170,000	13,382	183,382
2026	170,000	10,097	180,097
2027	115,000	7,432	122,432
2028-2030	360,000	9,612	369,612
Totals	\$ 1,140,000	\$ 76,906	\$ 1,216,906

TOWN OF COPPER CANYON
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Tax Notes:

In November 2019, the Town issued \$700,000 of tax notes for the purpose of improving streets, roads, and related and drainage improvements within the Town (noted as 2019 Issuance). The notes bear interest at 1.84%, payable from an ad valorem tax to be levied annually by the Town. The notes mature in February 2024.

In October 2020, the Town issued \$525,000 of tax notes for the purpose of improving streets, roads, and related and drainage improvements within the Town (noted as 2020 Issuance). The notes bear interest at 1.09%, payable from an ad valorem tax to be levied annually by the Town. The notes mature in February 2027.

Future debt maturities for tax notes are as follows:

Year ending September 30,	Principal	Interest	Total
2023	\$ 215,000	\$ 7,689	\$ 222,689
2024	220,000	4,250	224,250
2025	75,000	2,098	77,098
2026	75,000	1,281	76,281
2027	80,000	436	80,436
Totals	<u>\$ 665,000</u>	<u>\$ 15,754</u>	<u>\$ 680,754</u>

NOTE 7: CAPITAL IMPROVEMENT PROJECT FUND

The Capital Improvement Project Fund (CIP) is used to account for funds designated for capital improvement projects as identified by the Town's capital improvement projects budget. These projects include funds for wastewater improvements and road maintenance and improvements.

Road maintenance and improvement projects - The CIP fund expended \$953,894 during 2022 for road improvement projects (Chinn Chapel Road - \$813,485), \$45,455 for drainage studies, \$31,560 for annual crack seal and spot repairs, and \$63,394 for miscellaneous projects. These expenditures were funded by \$885,888 of interlocal funds received from Denton County for road improvements, funds committed by the Town Council for road improvements in prior years, and 2019 Tax Note proceeds. The CIP road fund balance at September 30, 2022, totals \$1,261,689. These funds are restricted (\$611,673) or committed (\$650,016) by the Town Council for future road maintenance and improvement projects.

NOTE 8: RETIREMENT PLAN

A. Plan Description

The Town of Copper Canyon participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) can be obtained at www.TMRS.com.

TOWN OF COPPER CANYON
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All eligible employees of the Town are required to participate in TMRS.

B. Benefits provided

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

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

The Town has adopted the following plan provisions:

	Plan Year <u>2022</u>	Plan Year <u>2021</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5 or 0/20	60/5 or 0/20

Employees covered by benefit terms

At the December 31, 2021, valuation and measurement date, the following number of employees covered by the benefit terms was:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>5</u>
	<u>11</u>

C. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the Town matching percentages are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees of the Town of Copper Canyon were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 11.36% and 12.30% for the calendar years 2022 and 2021, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2022, were \$38,011 and were equal to the required contributions.

D. Net Pension Liability or Assets

The Town's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by actuarial valuation as of that date.

TOWN OF COPPER CANYON
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SEPTEMBER 30, 2022

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were 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 tables 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% 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 from the actuarial investigation of the experience of TMRS over the four-year period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 arithmetic 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	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Real Return	12.0%	7.22%
Real Estate	12.0%	6.85%
Absolute Return	5.0%	5.35%
Private Equity	<u>10.0%</u>	10.00%
Total	<u>100.0%</u>	

TOWN OF COPPER CANYON
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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 member 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 Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2020	\$ 581,637	\$ 581,790	\$ (153)
Changes:			
Service Cost	49,101	-	49,101
Interest	40,483	-	40,483
Differences between expected and actual results	(78)	-	(78)
Change of assumptions	-	-	-
Contributions - employer	-	36,893	(36,893)
Contributions - employee	-	20,996	(20,996)
Net investment income	-	76,081	(76,081)
Benefit Payments, including refunds of employee contributions	(12,874)	(12,874)	-
Administrative expense	-	(350)	350
Other	-	2	(2)
Net Changes	76,632	120,748	(44,116)
Balance at December 31, 2021	\$ 658,269	\$ 702,538	\$ (44,269)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's Net Pension Liability	\$ 20,877	\$ (44,269)	\$ (100,035)

Pension Plan Fiduciary Net Position:

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

TOWN OF COPPER CANYON
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SEPTEMBER 30, 2022

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

For the year ended September 30, 2022, the Town recognized pension expense of \$17,061.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following Sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual economic experience	\$ -	\$ 36	\$ (36)
Differences in assumptions	-	-	-
Differences between projected and actual investment earnings	-	38,916	(38,916)
	<u>-</u>	<u>38,916</u>	<u>(38,916)</u>
To be recognized in the future	-	38,952	<u>\$ (38,952)</u>
Contributions subsequent to the measurement date	<u>27,465</u>	<u>-</u>	
Total	<u>\$ 27,465</u>	<u>\$ 38,952</u>	

The \$27,465 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2022	\$ (7,766)
2023	(15,577)
2024	(8,247)
2025	<u>(7,362)</u>
Total	<u>\$ (38,952)</u>

NOTE 9: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Benefit Plan Description

The Town participates in the Texas Municipal Retirement System (TMRS) administered defined benefit group-term life insurance plan known as the Supplemental Death benefits Fund (SBDF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employer's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SBDF covers both active and retiree participants, with no segregation of assets, the SBDF is considered to be an unfunded OPED plan (i.e., no assets

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

are accumulated).

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

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

At the December 31, 2021, valuation and measurement date, the following number of employees were covered by the SBDF benefit plan:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>3</u>
	<u>4</u>

B. Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2020, and the Total OPEB Liability was determined by actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate	1.84%
Retiree's share of benefit costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and are accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates-service retirees	2019 Municipal Retirees of Texas Morality Tables, The rates are projected on a fully generational basis with scale UMP.
Mortality Rates-disabled retirees	2019 Municipal Retirees of Texas Morality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3,5% and 3% minimum mortality rate will be applied to reflect the impairment for young members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The discount rate was based on the Fidelity Index's "20-year Municipal GO AA index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Changes in Total OPEB Liability:

Balance at December 31, 2020	\$ 10,213
Changes for the year:	
Service Cost	2,160
Interest on Total OPEB Liability	224
Differences between expected and actual results	(1,107)
Changes in assumptions or other inputs	264
Benefit Payments*	(180)
Net Changes	<u>1,361</u>
Balance at December 31, 2021	<u>\$ 11,574</u>

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

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the Total OPEB liability of the Town, calculated using the discount rate of 1.84%, as well as what the Town's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	<u>\$ 13,479</u>	<u>\$ 11,574</u>	<u>\$ 10,040</u>

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

For the year ended September 30, 2022, the Town recognized OPEB expense of \$1,490. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ 1,564	\$ (1,564)
Differences in assumptions	<u>805</u>	<u>-</u>	<u>805</u>
To be recognized in the future	805	1,564	<u>\$ (759)</u>
Contributions subsequent to the measurement date	<u>749</u>	<u>-</u>	
Total	<u>\$ 1,554</u>	<u>\$ 1,564</u>	

TOWN OF COPPER CANYON
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

The \$749 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2022	\$	(285)
2023		(216)
2024		(203)
2025		(55)
		<hr/>
	\$	<u>(759)</u>

NOTE 10: RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Texas Municipal League Intergovernmental Risk Pool ("TMLIRP") which is a public entity insurance risk pool. Annual contributions to TML are reported in the general fund. Management believes coverage presently purchased from TMLIRP is sufficient to preclude significant uninsured losses to the Town.

NOTE 11: SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that occurred after September 30, 2022, through the date the financial statement were available to be issued. During this period there were no subsequent events requiring disclosure.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

TOWN OF COPPER CANYON, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenues:				
Property taxes	\$ 880,031	\$ 880,031	\$ 852,859	\$ (27,172)
Sales and beverage taxes	79,000	79,000	115,181	36,181
Franchise fees	119,710	119,710	148,947	29,237
Permits and fees	361,800	361,800	831,879	470,079
Municipal court	222,680	222,680	204,000	(18,680)
Intergovernmental revenues	-	-	75	75
Miscellaneous revenues	-	-	100	100
Interest income	7,800	7,800	9,756	1,956
Total revenues	1,671,021	1,671,021	2,162,797	491,776
Expenditures:				
General government				
Wages	169,320	169,320	212,496	(43,176)
Cell phone allowance	1,200	1,200	1,200	
Payroll taxes	15,600	15,600	20,105	(4,505)
Retirement	23,481	23,481	32,337	(8,856)
Health insurance	28,000	28,000	41,913	(13,913)
Employee vehicle expenses	3,500	3,500	3,073	427
Accounting and auditing services	5,200	5,200	-	5,200
Appraisal and tax collection services	10,570	10,570	7,929	2,641
Engineering services	35,000	35,000	64,830	(29,830)
Legal services	25,000	25,000	16,533	8,467
Codification	1,800	1,800	2,170	(370)
Planning and other professional fees	500	500	22,204	(21,704)
Town clean-up day	8,900	8,900	7,925	975
Building and equipment maintenance	12,500	12,500	8,983	3,517
Dues, subscriptions and public notices	11,900	11,900	11,346	554
Election costs	10,000	10,000	4,030	5,970
Insurance	7,600	7,600	8,972	(1,372)
Computer maintenance and tech support	16,000	16,000	13,470	2,530
Hardware	4,000	4,000	810	3,190
Software	17,500	17,500	15,750	1,750
Website	2,000	2,000	2,100	(100)
Neighborhood watch	800	800	161	639
Office supplies	22,000	22,000	10,765	11,235
Other expenses	12,491	12,491	2,786	9,705
Volunteer appreciation and events	6,000	6,000	8,324	(2,324)
Travel and training	5,000	5,000	2,061	2,939
Utilities	14,200	14,200	15,640	(1,440)
Debt service principal	215,000	215,000	215,000	-
Debt service interest	10,265	10,265	11,083	(818)
Total general government	695,327	695,327	763,996	(68,669)

TOWN OF COPPER CANYON, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Public Safety				
Wages - Court	91,640	91,640	51,097	40,543
Payroll taxes - Court	9,657	9,657	5,231	4,426
Retirement - Court	14,237	14,237	6,672	7,565
Health insurance - Court	28,000	28,000	11,997	16,003
Law enforcement contract services	246,960	246,960	220,644	26,316
Municipal Court Judge Services	9,000	9,000	6,500	2,500
Legal fees - Municipal Court	8,000	8,000	5,200	2,800
Bailiff	500	500	-	500
Municipal Court technology	5,100	5,100	10,437	(5,337)
Municipal Court security	5,000	5,000	8,577	(3,577)
Building inspection	45,000	45,000	69,240	(24,240)
Dues and subscriptions	-	-	-	-
Office supplies	650	650	204	446
Training	2,400	2,400	-	2,400
Child safety fees	1,800	1,800	3,588	(1,788)
Code enforcement	-	-	-	-
Animal control	4,000	4,000	3,600	400
Total public safety	<u>471,944</u>	<u>471,944</u>	<u>402,987</u>	<u>68,957</u>
Public Works				
Mowing and street signs	30,000	30,000	32,043	(2,043)
Road maintenance and street signs	15,600	15,600	4,245	11,355
Professional fees	15,000	15,000	9,494	5,506
Total municipal court	<u>60,600</u>	<u>60,600</u>	<u>45,782</u>	<u>14,818</u>
Total expenditures	<u>1,227,871</u>	<u>1,227,871</u>	<u>1,212,765</u>	<u>15,106</u>
Excess of revenues over (under) expenditures before transfers	<u>443,150</u>	<u>443,150</u>	<u>950,032</u>	<u>506,882</u>
Transfers				
Transfer from Crime Control District	100,000	100,000	100,000	-
Transfer from CIP Fund	-	-	142,700	142,700
Total transfers	<u>100,000</u>	<u>100,000</u>	<u>242,700</u>	<u>142,700</u>
Excess of revenues over (under) expenditures	<u>\$ 543,150</u>	<u>\$ 543,150</u>	<u>1,192,732</u>	<u>\$ 649,582</u>
Fund balance - beginning of year			<u>1,704,252</u>	
Fund balance - end of year			<u>\$ 2,896,984</u>	

TOWN OF COPPER CANYON, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenues:				
Property Taxes	\$ 69,195	\$ 69,195	\$ 66,571	\$ (2,624)
Interest Income	-	-	398	398
Total revenues	<u>69,195</u>	<u>69,195</u>	<u>66,969</u>	<u>(2,226)</u>
Expenditures:				
Debt Issue Costs	-	-	-	-
Debt Service Principal	155,000	155,000	155,000	-
Debt Service Interest	22,799	25,794	22,800	2,994
Total expenditures	<u>177,799</u>	<u>180,794</u>	<u>177,800</u>	<u>2,994</u>
Excess of revenues over (under) expenditures	<u>(108,604)</u>	<u>(111,599)</u>	<u>(110,831)</u>	<u>768</u>
Excess of expenditures over revenues	<u>\$ (108,604)</u>	<u>\$ (111,599)</u>	<u>(110,831)</u>	<u>\$ (5,220)</u>
Fund balance - beginning of year			176,696	
Fund balance - end of year			<u>\$ 65,865</u>	

TOWN OF COPPER CANYON, TEXAS
 CIP ROAD FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenues:				
Denton County Road Reimbursements	\$ -	\$ -	\$ 885,888	\$ 885,888
Miscellaneous	-	-	3,301	3,301
Interest Income	-	-	5,537	5,537
Total revenues	<u>-</u>	<u>-</u>	<u>894,726</u>	<u>894,726</u>
Expenditures:				
Public works				
Road Maintenance	230,000	230,000	94,954	135,046
Drainage Study	71,700	71,700	45,455	26,245
Road Improvements	-	-	813,485	(813,485)
Total public works	<u>301,700</u>	<u>301,700</u>	<u>953,894</u>	<u>(652,194)</u>
Total expenditures	<u>301,700</u>	<u>301,700</u>	<u>953,894</u>	<u>(652,194)</u>
Excess of revenues over (under) expenditures before transfers and other sources	<u>(301,700)</u>	<u>(301,700)</u>	<u>(59,168)</u>	<u>242,532</u>
Transfers and other sources:				
Transfers to General Fund	-	-	(142,700)	(142,700)
Total transfers and other sources	<u>-</u>	<u>-</u>	<u>(142,700)</u>	<u>(142,700)</u>
Excess of expenditures over revenues	<u>\$ (301,700)</u>	<u>\$ (301,700)</u>	<u>(201,868)</u>	<u>\$ 99,832</u>
Fund balance - beginning of year			<u>1,463,557</u>	
Fund balance - end of year			<u>\$ 1,261,689</u>	

TOWN OF COPPER CANYON, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (RSI)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Budget and Budgetary Accounting

The Town Council adopts an annual budget for the general fund. The general fund budget is legally adopted on a modified accrual basis.

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the Town prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the Town Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Town Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of Town Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of Town Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

The budget was not amended during the year ended September 30, 2022.

TOWN OF COPPER CANYON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service Cost	\$ 25,302	\$ 34,518	\$ 32,364	\$ 37,330	\$ 36,709	\$ 37,515	\$ 41,424	\$ 49,101
Interest (on the total pension liability)	17,181	20,559	23,391	25,919	29,288	33,092	36,149	40,483
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	4,489	(804)	(3,954)	2,843	3,172	(16,999)	(249)	(78)
Change of assumptions	-	9,046	-	-	-	6,677	-	-
Benefit payments, including refunds of employee contributions	(3,328)	(3,328)	(15,493)	(18,166)	(13,565)	(12,874)	(21,032)	(12,874)
Net change in pension liability	43,644	59,991	36,308	47,926	55,604	47,411	56,292	76,632
Total pension liability - beginning	234,461	278,105	338,096	374,404	422,330	477,934	525,345	581,637
Total pension liability - ending	<u>\$ 278,105</u>	<u>\$ 338,096</u>	<u>\$ 374,404</u>	<u>\$ 422,330</u>	<u>\$ 477,934</u>	<u>\$ 525,345</u>	<u>\$ 581,637</u>	<u>\$ 658,269</u>
Plan fiduciary net position								
Contributions - Employer	\$ 8,192	\$ 22,304	\$ 21,862	\$ 29,237	\$ 27,863	\$ 27,638	\$ 33,487	\$ 36,893
Contributions - Employee	11,730	13,453	12,253	14,713	14,501	14,836	17,638	20,996
Net investment income	13,185	384	19,800	45,912	(12,074)	64,915	39,043	76,081
Benefit payments, including refunds of employee contributions	(3,328)	(3,328)	(15,493)	(18,166)	(13,565)	(12,874)	(21,032)	(12,874)
Administrative expense	(138)	(234)	(223)	(238)	(233)	(366)	(252)	(350)
Other	(11)	(12)	(12)	(11)	(12)	(10)	(11)	2
Net change in plan fiduciary net position	29,630	32,567	38,187	71,447	16,480	94,139	68,873	120,748
Net fiduciary position - beginning	230,467	260,097	292,664	330,851	402,298	418,778	512,917	581,790
Net fiduciary position - ending	<u>\$ 260,097</u>	<u>\$ 292,664</u>	<u>\$ 330,851</u>	<u>\$ 402,298</u>	<u>\$ 418,778</u>	<u>\$ 512,917</u>	<u>\$ 581,790</u>	<u>\$ 702,538</u>
Net pension liability (a) - (b)	<u>\$ 18,008</u>	<u>\$ 45,432</u>	<u>\$ 43,553</u>	<u>\$ 20,032</u>	<u>\$ 59,156</u>	<u>\$ 12,428</u>	<u>\$ (153)</u>	<u>\$ (44,269)</u>
Plan fiduciary net position as a percentage of total pension liability	93.52%	86.56%	88.37%	95.26%	87.62%	97.63%	100.03%	106.73%
Covered employee payroll	\$ 167,577	\$ 192,192	\$ 175,037	\$ 210,190	\$ 207,160	\$ 211,949	\$ 251,968	\$ 299,945
Net pension liability as a percentage of covered payroll	10.75%	23.64%	24.88%	9.53%	28.56%	5.86%	-0.06%	-14.76%

TOWN OF COPPER CANYON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF PENSION CONTRIBUTIONS
SEPTEMBER 30, 2022

	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 19,832	\$ 21,964	\$ 29,305	\$ 29,331	\$ 26,696	\$ 32,256	\$ 36,520
Contributions in relation to the actuarially determined contribution	19,832	21,964	29,305	29,331	26,696	32,256	36,520
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 190,733	\$ 172,013	\$ 208,650	\$ 208,826	\$ 203,086	\$ 243,854	\$ 283,222
Contributions as a percentage of covered employee payroll	10.40%	12.77%	14.05%	14.05%	13.15%	13.23%	12.89%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the Generational Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year

TOWN OF COPPER CANYON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

Plan Year	2017	2018	2019	2020	2021
Total OPEB Liability					
Total OPEB Liability - Beginning of Year	\$ 5,012	\$ 7,310	\$ 8,173	\$ 8,578	\$ 10,213
Changes for the year:					
Service Cost	1,618	1,740	1,759	1,537	2,160
Interest on Total OPEB Liability	220	270	335	256	224
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(653)	(3,004)	(1,104)	(1,107)
Change of assumptions or other inputs	460	(453)	1,357	1,022	264
Benefit payments	-	(41)	(42)	(76)	(180)
Net change in OPEB Liability	2,298	863	405	1,635	1,361
Total OPEB Liability - End of Year	\$ 7,310	\$ 8,173	\$ 8,578	\$ 10,213	\$ 11,574
Covered employee payroll	\$210,190	\$207,160	\$211,949	\$251,968	\$251,968
OPEB Liability as a percentage of covered payroll	3.48%	3.95%	4.05%	4.05%	4.59%

NOTES TO SCHEDULE

Changes of assumptions:

Changes of assumptions and other inputs reflect the change in the municipal bond rate index, which is used as a basis for the discount rate.

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

Internal Control and Compliance