

Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CARRIZO SPRINGS

Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2023

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CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2023

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CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2023

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CITY OF CARRIZO SPRINGS
LIST OF ELECTED AND APPOINTED OFFICIALS

Elected Officials

Mayor

Oscar Puente

Mayor Pro Tem

Mario Ruiz

Councilor

Sofia Morones

Councilor

Noel Galvan

Councilor

Estanislado Martinez

Appointed Official

City Manager

Azalia Garcia

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FINANCIAL SECTION

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Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Carrizo Springs
Carrizo Springs, Texas

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Carrizo Springs, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate fund information as of September 30, 2023, and the respective changes in financial position, and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The City's net realizable value of its court fines receivable in the general fund was \$382,223 at September 30, 2023. The City did not record a reduction of \$849,148 in citations recorded in the court fines system. We were unable to obtain sufficient appropriate audit evidence about the value of the court fines, because the City has not completed its review of citation amounts reported in the court fines system.

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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, schedule of changes in TMRS net pension liability and related ratios, schedule of changes in the Total OPEB liability and ratios and the schedule of TMRS contributions as listed in the table of contents, 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.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying combining statements and other statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and other statements as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2024, on our consideration of the City’s 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 City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "George Gonzalez" with a stylized flourish underneath.

August 16, 2024

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CITY OF CARRIZO SPRINGS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Carrizo Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,134,979 (*net position*). Of this amount, \$10,552,434 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall total net position increased by \$1,873,673 for the year ended September 30, 2023. Net position of governmental activities increased by \$2,239,914; and net position of the business-type activities decreased by \$366,241.
- The City's governmental funds reported combined fund balances of \$12,039,100, an increase of \$1,470,564 for the year ended September 30, 2023. The unassigned fund balance of the General Fund totals \$8,644,423.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements: The Government-Wide Financial Statements are designed to provide readers-with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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 not used vacation leave). Both the Statement of Net Position and Statement of Activities are prepared utilizing the accrual basis of accounting.

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including the general government, public safety, public works, sanitation, and culture and recreation. Property taxes, sales taxes and franchise fees finance most of these activities.

Business Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system and gas service are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's governmental and proprietary funds utilize different accounting approaches:

Governmental Funds – The majority of the City's basic services are reported in governmental funds, which focus on money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Statements, readers may better understand the long-term effect of the government's near-term financing decisions. The relationship of differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements:

Enterprise Funds – The City of Carrizo Springs maintains two individual enterprise funds. The City uses enterprise funds to account for its water and sewer and gas activity. The funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and gas activity.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes can be found following the basic financial statement section.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain other supplementary information concerning budgetary comparative information for the Debt Service Fund, combining statements for non-major funds and a statement of revenues, expenses and changes in fund net position for the Water and Sewer Fund.

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net position was \$17.1 million for the year ended September 30, 2023. Analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position were \$2.6 million and the governmental activities were \$14.5 million.

This analysis focuses on the net position (Table I) and changes in general revenues (Table II) and significant expenses of the City's governmental and business-type activities. Prior-year information for both governmental and business-type activities is presented for the purposes of providing a comparative analysis.

A fairly large portion of the City's net position (39%) reflect its investments in capital assets, (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table I
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Current and Other Assets	\$ 14,048,503	\$ 12,734,068	\$ 323,446	\$ 771,834	\$ 14,371,949	\$ 13,505,902
Capital Assets	9,200,341	9,380,796	8,134,509	8,623,973	17,334,850	18,004,769
Total Assets	23,248,844	22,114,864	8,457,955	9,395,807	31,706,799	31,510,671
Deferred Outflows of Resources	232,941	174,383	330,781	24,538	563,722	198,921
Total Deferred Outflows of Resources	232,941	174,383	330,781	24,538	563,722	198,921
Current Liabilities	1,236,507	1,936,823	419,160	538,468	1,655,667	2,475,291
Long-Term Liabilities	7,625,537	7,837,980	5,676,305	5,586,377	13,301,842	13,424,357
Total Liabilities	8,862,044	9,774,803	6,095,465	6,124,845	14,957,509	15,899,648
Deferred Inflows of Resources	87,105	221,722	90,928	326,916	178,033	548,638
Total Deferred Outflows of Resources	87,105	221,722	90,928	326,916	178,033	548,638
Net Position:						
Net Investment in Capital Assets	3,998,900	1,600,796	2,613,645	2,954,805	6,612,545	4,555,601
Restricted	-	-	-	-	-	-
Unrestricted	10,533,736	10,691,926	(11,302)	13,779	10,522,434	10,705,705
Total Net Position	\$ 14,532,636	\$ 12,292,722	\$ 2,602,343	\$ 2,968,584	\$ 17,134,979	\$ 15,261,306

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table II
Change in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,716,608	\$ 1,684,486	\$ 2,973,857	\$ 3,233,342	\$ 4,690,465	\$ 4,917,828
Operating Grants and Contributions	34,219	5,792	-	-	34,219	5,792
General Revenues:						
Maintenance and Operations Taxes	861,044	951,980	-	-	861,044	951,980
Debt Service Taxes	695,302	787,745	-	-	695,302	787,745
Sales Taxes	1,995,418	1,870,960	-	-	1,995,418	1,870,960
Franchise Taxes	222,341	229,934	-	-	222,341	229,934
Other Taxes	799,465	386,238	-	-	799,465	386,238
Penalties and Interest	86,760	71,582	-	-	86,760	71,582
Gain on Sale of Property	18,244	-	-	-	18,244	-
Unrestricted Investment Earnings	28,715	3,606	2,627	766	31,342	4,372
Miscellaneous	24,229	109,004	27,021	26,635	51,250	135,639
Total Revenues	6,482,345	6,101,327	3,003,505	3,260,743	9,485,850	\$ 9,362,070
Expenses						
General Government	1,282,828	1,374,309	-	-	1,282,828	1,374,309
Public Safety	669,077	939,613	-	-	669,077	939,613
Public Works	1,263,744	1,045,784	-	-	1,263,744	1,045,784
Culture and Recreation	515,966	883,643	-	-	515,966	883,643
Health and Welfare	828,895	490,615	-	-	828,895	490,615
Urban Development & Housing	-	-	-	-	-	-
Interest on Long Term Debt	126,400	100,478	-	-	126,400	100,478
Bond Issuance Cost and Fees	-	139,683	-	-	-	139,683
Water & Sewer	-	-	2,203,189	2,069,833	2,203,189	2,069,833
Gas	-	-	722,078	551,580	722,078	551,580
Total Expenses	4,686,910	4,974,125	2,925,267	2,621,413	7,612,177	7,595,538
Change in Net Position Before Transfers	1,795,435	1,127,202	78,238	639,330	1,873,673	1,766,532
Transfers In (Out)	444,479	(130,728)	(444,479)	130,728	-	-
Change in Net Position	2,239,914	996,474	(366,241)	770,058	1,873,673	1,766,532
Net Position - Beginning	12,292,722	11,296,248	2,968,584	2,198,526	15,261,306	13,494,774
Prior Period Adjustments	-	-	-	-	-	-
Net Position Ending	\$ 14,532,636	\$ 12,292,722	\$ 2,602,343	\$ 2,968,584	\$ 17,134,979	\$ 15,261,306

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

**Table III
Expense and Program Revenue – Governmental Activities**

	Expenses		Charges for Services	
	Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Expenses				
General Government	\$ 1,282,828	\$ 1,374,310	\$ -	\$ -
Public Safety	669,077	939,613	631,335	610,938
Public Works	1,263,744	1,045,784	-	-
Culture and Recreation	515,966	490,615	-	-
Health and Welfare	828,895	883,643	1,085,273	1,073,548
Urban Development & Housing	-	-	-	-
Bond Issuance Cost and Fees	-	139,683	-	-
Bond Interest	126,400	100,478	-	-
Total Governmental Activities	<u>\$ 4,686,910</u>	<u>\$ 4,974,126</u>	<u>\$ 1,716,608</u>	<u>\$ 1,684,486</u>
	9/30/2023	9/30/2023	9/30/2022	9/30/2022
	Revenues	%	Revenues	%
Revenue by Source				
Governmental Activities	\$ 1,716,608	25%	\$ 1,684,486	28%
Maintenance and Operations Taxes	861,044	12%	951,980	16%
General Taxes	695,302	10%	787,745	13%
Sales Taxes	1,995,418	29%	1,870,960	31%
Franchise Taxes	222,341	3%	229,934	4%
Other Taxes	799,465	12%	386,238	6%
Unrestricted Investment Earnings	28,715	0%	3,606	0%
Penalty and Interest	86,760	1%	71,582	1%
Miscellaneous	24,229	0%	109,004	2%
Transfers	444,479	6%	(130,728)	-2%
Gain on Sale of Property	18,244	0%	-	0%
Total Governmental Activities	<u>\$ 6,892,605</u>	<u>100.00%</u>	<u>\$ 5,964,807</u>	<u>100.00%</u>

The most significant governmental expenses for the City were in the categories of General Government, Public Safety, Public Works, and Health & Welfare, which incurred expenses of \$1,282,828, \$669,077, \$1,263,744 and \$828,895, respectively, which total \$4,044,544 or 86% of total expenditures.

Business-Type Activities

Revenues of the City's business-type activities were \$2.97 million for the year ended September 30, 2023. Expenses for the City's business-type activities were \$2.92 million for the year.

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table IV
Expense and Program Revenue – Business-Type Activities**

	Expenses		Operating Revenues	
	Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Water & Sewer	\$ 2,203,189	\$ 2,069,833	\$ 2,510,492	\$ 2,717,977
Gas	722,078	551,580	463,365	515,365
Total Business-Type Activities	\$ 2,925,267	\$ 2,621,413	\$ 2,973,857	\$ 3,233,342

	9/30/2023	9/30/2023	9/30/2022	9/30/2022
	Revenues	%	Revenues	%
	General Revenue by Source			
Unrestricted Investment Earnings	\$ 2,627	9%	\$ 766	3%
Miscellaneous Revenue	27,021	91%	26,635	97%
	\$ 29,648	100%	\$ 27,401	100%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the year ended September 30, 2023, the City had approximately \$17.3 million invested in a broad range of capital assets, including police and fire equipment, buildings, roads, bridges, and water and sewer lines. (See Table V below.)

**Table V
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Land	\$ 64,692	\$ 64,692	\$ 95,798	\$ 95,798	\$ 160,490	\$ 160,490
Buildings	2,141,366	2,478,288	1,061,269	1,061,269	3,202,635	3,539,557
Improvements Other than Buildings	-	-	3,719,355	4,052,940	3,719,355	4,052,940
Machinery and Equipment	1,259,167	760,111	203,983	254,849	1,463,150	1,014,960
Infrastructure	5,735,116	6,077,705	3,054,104	3,159,117	8,789,220	9,236,822
Construction in Progress	-	-	-	-	-	-
Total	\$ 9,200,341	\$ 9,380,796	\$ 8,134,509	\$ 8,623,973	\$ 17,334,850	\$ 18,004,769

CITY OF CARRIZO SPRINGS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

At year-end, the City had \$13.3 million in General Obligation Bonds and Combination Tax and Revenue Certificates of Obligations outstanding. See Notes H of the Notes to Financial Statements for additional information.

**Table VI
Outstanding Debt
Certificate of Obligations and Revenue Bonds**

	Activities		Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Bonded Debt/Tax Notes	\$ 6,805,000	\$ 7,780,000	\$ 5,520,863	\$ 5,669,168	\$ 12,325,863	\$ 13,449,168
Loans Payable	-	-	-	-	-	-
Intergovernmental Payable	367,737	367,737	-	-	367,737	367,737
Closure/Post Closure Liabilities	683,295	639,887	-	-	683,295	639,887
Compensated Absences	32,658	36,679	25,676	25,676	58,334	62,355
Total	\$ 7,888,690	\$ 8,824,303	\$ 5,546,539	\$ 5,694,844	\$ 13,435,229	\$ 14,519,147

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual expenditures for the fiscal year of \$4 million (excluding operating transfers) were less than final appropriations by \$706,078.

Actual revenues for the fiscal year were \$4,895,493, which was \$135,793 greater than budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the 2023-2024 budget. The City will be looking closely at its Business-type activities to ensure profitability.

FINANCIAL CONTACT

The City's financial statements are designed to present users with a general overview of the city's finances and to demonstrate the city's accountability. If you have any questions about the report or need additional information, please contact the City Manager of City of Carrizo Springs at P.O. Box 329, Carrizo Springs, Texas 78834.

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Basic Financial Statements

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Government-Wide Financial Statements

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CITY OF CARRIZO SPRINGS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,165,226	\$ 3,793,954	\$ 11,959,180
Taxes Receivable, Net	807,116	-	807,116
Accounts Receivable, Net	649,836	512,777	1,162,613
Due from Other Funds	4,242,564	(4,242,564)	-
Due from Others	61,497	12,773	74,270
Inventories	13,659	40,299	53,958
Prepaid Items	12,557	6,783	19,340
Restricted Investments	96,048	-	96,048
Restricted Cash	-	199,424	199,424
Capital Assets:			
Land Purchase and Improvements	64,692	95,798	160,490
Infrastructure, Net	5,735,116	3,054,104	8,789,220
Buildings, Net	2,141,366	1,061,269	3,202,635
Improvements other than Buildings, Net	-	3,719,355	3,719,355
Furniture and Equipment, Net	1,259,167	203,983	1,463,150
Total Assets	<u>23,248,844</u>	<u>8,457,955</u>	<u>31,706,799</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	81,353	-	81,353
Deferred Outflow Related to Pension Plan	124,421	315,616	440,037
Deferred Outflow Related to OPEB	27,167	15,165	42,332
Total Deferred Outflows of Resources	<u>232,941</u>	<u>330,781</u>	<u>563,722</u>
LIABILITIES			
Accounts Payable	103,857	102,370	206,227
Wages and Salaries Payable	44,285	17,560	61,845
Payroll Taxes and Related liabilities	6,295	27,719	34,014
Compensated Absences Payable	32,659	25,676	58,335
Intergovernmental Payable	367,737	-	367,737
Accrued Interest Payable	16,047	29,049	45,096
Unearned Revenues	665,627	-	665,627
Other Current Liabilities	-	216,786	216,786
Noncurrent Liabilities:			
Due Within One Year	810,000	152,376	962,376
Due in More Than One Year:			
Bonds Payable - Noncurrent	6,678,296	5,368,488	12,046,784
Net Pension Liability	51,406	109,036	160,442
Net OPEB Liability	85,835	46,405	132,240
Total Liabilities	<u>8,862,044</u>	<u>6,095,465</u>	<u>14,957,509</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	48,023	72,080	120,103
Deferred Inflow Related to OPEB	39,082	18,848	57,930
Total Deferred Inflows of Resources	<u>87,105</u>	<u>90,928</u>	<u>178,033</u>
NET POSITION			
Net Investment in Capital Assets and Lease Assets	3,998,900	2,613,645	6,612,545
Unrestricted	10,533,736	(11,302)	10,522,434
Total Net Position	<u>\$ 14,532,636</u>	<u>\$ 2,602,343</u>	<u>\$ 17,134,979</u>

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

CITY OF CARRIZO SPRINGS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,282,828	\$ -	\$ 34,219
Public Safety	669,077	631,335	-
Public Works	1,263,744	-	-
Health and Welfare	828,895	1,085,273	-
Culture and Recreation	515,966	-	-
Interest on Debt	126,400	-	-
Total Governmental Activities	4,686,910	1,716,608	34,219
BUSINESS-TYPE ACTIVITIES:			
Water & Sewer Fund	2,203,189	2,510,492	-
Gas Fund	722,078	463,365	-
Total Business-Type Activities	2,925,267	2,973,857	-
TOTAL PRIMARY GOVERNMENT	\$ 7,612,177	\$ 4,690,465	\$ 34,219

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- General Sales and Use Taxes
- Franchise Tax
- Other Taxes
- Penalty and Interest on Taxes
- Miscellaneous Revenue
- Investment Earnings
- Gain in Sale of Property
- Transfers In (Out)

Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,248,609)	\$ -	\$ (1,248,609)
(37,742)	-	(37,742)
(1,263,744)	-	(1,263,744)
256,378	-	256,378
(515,966)	-	(515,966)
(126,400)	-	(126,400)
(2,936,083)	-	(2,936,083)
-	307,303	307,303
-	(258,713)	(258,713)
-	48,590	48,590
(2,936,083)	48,590	(2,887,493)
861,044	-	861,044
695,302	-	695,302
1,995,418	-	1,995,418
222,341	-	222,341
799,465	-	799,465
86,760	-	86,760
24,229	27,021	51,250
28,715	2,627	31,342
18,244	-	18,244
444,479	(444,479)	-
5,175,997	(414,831)	4,761,166
2,239,914	(366,241)	1,873,673
12,292,722	2,968,584	15,261,306
\$ 14,532,636	\$ 2,602,343	\$ 17,134,979

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Governmental Funds Financial Statements

CITY OF CARRIZO SPRINGS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Hotel Motel Fund	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,045,343	\$ 1,138,709	\$ 703,593
Taxes Receivable	521,165	-	318,923
Allowance for Uncollectible Taxes (credit)	(20,455)	-	(12,517)
Accounts Receivable, Net	599,468	9,981	38,887
Due from Other Funds	6,319,524	1,627,529	607,495
Due from Others	59,843	35	1,619
Inventories	6,725	6,934	-
Prepaid Items	12,557	-	-
Restricted Investments	96,048	-	-
Total Assets	<u>\$ 11,640,218</u>	<u>\$ 2,783,188</u>	<u>\$ 1,658,000</u>
LIABILITIES			
Accounts Payable	\$ 94,084	\$ 6,901	\$ 1,372
Wages and Salaries Payable	44,285	-	-
Payroll Taxes and Related liabilities	6,295	-	-
Due to Other Funds	1,561,473	33,167	1,253,157
Unearned Revenues	-	-	-
Total Liabilities	<u>1,706,137</u>	<u>40,068</u>	<u>1,254,529</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	500,710	-	306,406
Unavailable Revenue - Court Fines	382,223	-	-
Total Deferred Inflows of Resources	<u>882,933</u>	<u>-</u>	<u>306,406</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	6,725	6,934	-
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	-
Restricted for Debt Service	-	-	97,065
Committed Fund Balance:			
Street Improvements	400,000	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	-	2,736,186	-
Unassigned Fund Balance	8,644,423	-	-
Total Fund Balances	<u>9,051,148</u>	<u>2,743,120</u>	<u>97,065</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,640,218</u>	<u>\$ 2,783,188</u>	<u>\$ 1,658,000</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ 1,622,206	\$ 655,375	\$ 8,165,226
-	-	840,088
-	-	(32,972)
-	1,500	649,836
148,860	52,620	8,756,028
-	-	61,497
-	-	13,659
-	-	12,557
-	-	96,048
<u>\$ 1,771,066</u>	<u>\$ 709,495</u>	<u>\$ 18,561,967</u>
\$ -	\$ 1,500	\$ 103,857
-	-	44,285
-	-	6,295
1,613,047	52,620	4,513,464
-	665,627	665,627
<u>1,613,047</u>	<u>719,747</u>	<u>5,333,528</u>
-	-	807,116
-	-	382,223
-	-	<u>1,189,339</u>
-	-	13,659
158,019	-	158,019
-	-	97,065
-	-	400,000
-	15,186	2,751,372
-	(25,438)	8,618,985
<u>158,019</u>	<u>(10,252)</u>	<u>12,039,100</u>
<u>\$ 1,771,066</u>	<u>\$ 709,495</u>	<u>\$ 18,561,967</u>

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CITY OF CARRIZO SPRINGS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	12,039,100
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$20,985,151 and the accumulated depreciation was (\$11,604,355). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. At the beginning of the year, bonds payable and other long-term liabilities were (\$8,824,303), interest payable was (\$12,251), deferred charge on refunding was \$91,417, net pension asset was \$207,096, deferred pension inflow was (\$215,994), deferred pension outflow was \$52,537, deferred OPEB outflow was \$30,429, deferred OPEB inflow was (\$5,728), and net OPEB liability was (\$125,356). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		578,643
Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows: acquisition of capital assets of \$764,778; disposition of capital assets of (\$256,756); change in compensated absences of \$4,020; change in landfill closure accrual of (\$43,409); change in accrued interest payable of (\$3,796); principal payments on bonds of \$975,000; change in deferred charge for refunding of (\$10,064). The net effect is to increase net position.		1,429,773
Included in the items related to debt is the recognition of the City's proportionate share of net pension liability required by GASB Statement number 68. At the beginning of the year, the net position related to TMRS was a Deferred Resource Outflow of \$52,537, a Deferred Resource Inflow of (\$215,994), and a net pension asset of \$207,096. The impact of this to net position is an increase of \$43,639. Changes in the current year resulted in a decrease in net position of (\$18,647).		(18,647)
Included in the items related to debt is the recognition of the City's proportionate share of the net OPEB liability required by GASB Statement number 75. At the beginning of the year, the net position related to TMRS was a Deferred Resource Outflow of \$30,429, a Deferred Resource Inflow of (\$5,728), and a net OPEB liability of (\$125,356). The impact of this to net position is an decrease of (\$100,655). Changes in the current year resulted in a increase in net position of \$2,905.		2,905
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(688,477)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,189,339
Net Position of Governmental Activities	\$	14,532,636

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

CITY OF CARRIZO SPRINGS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Hotel Motel Fund	Debt Service Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 836,956	\$ -	\$ 675,594
General Sales and Use Taxes	1,995,418	-	-
Franchise Tax	222,341	-	-
Other Taxes	-	799,465	-
Penalty and Interest on Taxes	49,113	-	37,647
Licenses and Permits	27,273	-	-
Intergovernmental Revenue and Grants	34,219	-	-
Charges for Services	1,058,000	-	-
Fines	602,795	-	-
Investment Earnings	16,609	2,635	1,743
Rents and Royalties	28,540	-	-
Other Revenue	24,229	-	-
Total Revenues	4,895,493	802,100	714,984
EXPENDITURES:			
Current:			
General Government	1,171,592	-	-
Public Safety	613,501	-	-
Public Works	806,473	-	-
Health and Welfare	701,289	-	-
Culture and Recreation	294,541	160,035	-
Debt Service:			
Principal on Debt	-	-	975,000
Interest on Debt	-	-	112,540
Capital Outlay:			
Capital Outlay	500,504	15,188	-
Total Expenditures	4,087,900	175,223	1,087,540
Excess (Deficiency) of Revenues Over (Under)	807,593	626,877	(372,556)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	25,000	250,000	-
Transfers In	50,348	-	702,497
Transfers Out	(97,036)	(136,046)	-
Total Other Financing Sources (Uses)	(21,688)	113,954	702,497
Net Change in Fund Balances	785,905	740,831	329,941
Fund Balance - October 1 (Beginning)	8,265,243	2,002,289	(232,876)
Fund Balance - September 30 (Ending)	\$ 9,051,148	\$ 2,743,120	\$ 97,065

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,512,550
-	-	1,995,418
-	-	222,341
-	-	799,465
-	-	86,760
-	-	27,273
-	-	34,219
-	-	1,058,000
-	-	602,795
5,298	2,430	28,715
-	-	28,540
-	-	24,229
<u>5,298</u>	<u>2,430</u>	<u>6,420,305</u>
-	-	1,171,592
-	-	613,501
-	69,471	875,944
-	-	701,289
-	-	454,576
-	-	975,000
-	-	112,540
-	<u>249,086</u>	<u>764,778</u>
-	<u>318,557</u>	<u>5,669,220</u>
5,298	(316,127)	751,085
-	-	275,000
-	-	752,845
-	<u>(75,284)</u>	<u>(308,366)</u>
-	<u>(75,284)</u>	<u>719,479</u>
5,298	(391,411)	1,470,564
<u>152,721</u>	<u>381,159</u>	<u>10,568,536</u>
<u>\$ 158,019</u>	<u>\$ (10,252)</u>	<u>\$ 12,039,100</u>

CITY OF CARRIZO SPRINGS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	1,470,564
Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		1,429,773
<ul style="list-style-type: none"> • Acquisition of capital assets of \$764,778 • Disposition of capital assets of (\$256,756) • Change in compensated absences of \$4,020 • Change in landfill closure accrual of (\$43,409) • Change in accrued interest payable of (\$3,796) • Principal payments on bonds of \$975,000 • Change in deferred charge for refunding of (\$10,064) 		
The net effect is to increase the change in net position.		
Various adjustments necessary to record the City's pension liability were as follows:		(18,647)
<ul style="list-style-type: none"> • Contributions of \$43,222 made after the measurement date of August 31, 2022 were de-expended and recorded as deferred outflows of resources. • The City amortized its share of unrecognized deferred inflows and outflows of resources for TMRS as of the measurement date in the net amount of (\$6,742). • The District's proportionate share of various expenses in the net amount of (\$55,127) were used by TMRS to calculate the District's ending net pension liability. 		
Various adjustments necessary to record the City's OPEB liability were as follows:		2,905
<ul style="list-style-type: none"> • Contributions of \$5,373 made after the measurement date of August 31, 2022 were de-expended and recorded as deferred outflows of resources. • The City amortized its share of deferred outflows and inflows of resources for TMRS from the prior year which must be recorded in this reporting period in the net amount of \$1,978. • The District's proportionate share of various expenses in the amount of (\$4,446) were used by TMRS to calculate the District's ending net OPEB liability. 		
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(688,477)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		43,796
Change in Net Position of Governmental Activities	\$	2,239,914

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

Proprietary Funds Financial Statements

CITY OF CARRIZO SPRINGS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,407,231	\$ 386,723	\$ 3,793,954
Restricted Assets - Current:			
Restricted Cash	199,424	-	199,424
Interest Receivable - Investments	3,206	1,753	4,959
Accounts Receivable, Net	422,199	85,619	507,818
Due from Other Funds	2,492,716	1,297,838	3,790,554
Due from Others	-	12,773	12,773
Inventories	33,274	7,025	40,299
Prepaid Items	3,871	2,912	6,783
Total Current Assets	6,561,921	1,794,643	8,356,564
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	30,527	65,271	95,798
Infrastructure	3,704,622	1,611,723	5,316,345
Accumulated Depreciation - Infrastructure	(1,528,102)	(734,139)	(2,262,241)
Buildings	1,061,269	-	1,061,269
Improvements other than Buildings	6,403,095	-	6,403,095
Accumulated Depreciation - Other Improvements	(2,683,740)	-	(2,683,740)
Furniture and Equipment	795,197	119,417	914,614
Accumulated Depreciation - Furniture & Equipment	(631,708)	(78,923)	(710,631)
Total Noncurrent Assets	7,151,160	983,349	8,134,509
Total Assets	13,713,081	2,777,992	16,491,073
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	209,277	106,339	315,616
Deferred Outflow Related to OPEB	11,667	3,498	15,165
Total Deferred Outflows of Resources	220,944	109,837	330,781

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

CITY OF CARRIZO SPRINGS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	98,280	4,090	102,370
Wages and Salaries Payable	14,966	2,594	17,560
Payroll Taxes and Related liabilities	20,521	7,198	27,719
Compensated Absences Payable	19,563	6,113	25,676
Due to Other Funds	6,758,588	1,274,530	8,033,118
Accrued Interest Payable	29,049	-	29,049
Notes Payable - Current	28,376	-	28,376
Bonds Payable - Current	124,000	-	124,000
Other Current Liabilities	177,746	39,040	216,786
Total Current Liabilities	7,271,089	1,333,565	8,604,654
Noncurrent Liabilities:			
Bonds Payable - Noncurrent	5,339,000	-	5,339,000
Loans Payable - Noncurrent	29,488	-	29,488
Net Pension Liability	72,909	36,127	109,036
Net OPEB Liability	34,853	11,552	46,405
Total Noncurrent Liabilities	5,476,250	47,679	5,523,929
Total Liabilities	12,747,339	1,381,244	14,128,583
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	49,314	22,766	72,080
Deferred Inflow Related to OPEB	15,252	3,596	18,848
Total Deferred Inflows of Resources	64,566	26,362	90,928
NET POSITION			
Net Investment in Capital Assets and Lease Assets	1,630,296	983,349	2,613,645
Unrestricted	(508,176)	496,874	(11,302)
Total Net Position	\$ 1,122,120	\$ 1,480,223	\$ 2,602,343

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

CITY OF CARRIZO SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 2,510,492	\$ 463,365	\$ 2,973,857
Investment Earnings	320	-	320
Other Revenue	26,701	-	26,701
Total Operating Revenues	<u>2,537,513</u>	<u>463,365</u>	<u>3,000,878</u>
OPERATING EXPENSES:			
Salaries and Wages	516,187	135,003	651,190
Employee Benefits	165,092	41,048	206,140
Professional & Technical Services	40,004	57,547	97,551
Property Services	703,978	142,871	846,849
Other Operating Expenses	156,449	62,071	218,520
Supplies	122,407	178,525	300,932
Depreciation	384,451	105,013	489,464
Total Operating Expenses	<u>2,088,568</u>	<u>722,078</u>	<u>2,810,646</u>
Operating Income (Loss)	<u>448,945</u>	<u>(258,713)</u>	<u>190,232</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	2,242	385	2,627
Interest Expense - Nonoperating	(114,621)	-	(114,621)
Total Nonoperating Revenue (Expenses)	<u>(112,379)</u>	<u>385</u>	<u>(111,994)</u>
Income (Loss) Before Transfers	336,566	(258,328)	78,238
Transfers In	69,536	5,640	75,176
Transfers Out	(519,655)	-	(519,655)
Change in Net Position	<u>(113,553)</u>	<u>(252,688)</u>	<u>(366,241)</u>
Total Net Position - October 1 (Beginning)	<u>1,235,673</u>	<u>1,732,911</u>	<u>2,968,584</u>
Total Net Position - September 30 (Ending)	<u>\$ 1,122,120</u>	<u>\$ 1,480,223</u>	<u>\$ 2,602,343</u>

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

CITY OF CARRIZO SPRINGS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 2,547,624	\$ 450,592	\$ 2,998,216
Cash Payments to Employees for Services	(693,135)	(175,923)	(869,058)
Cash Payments to Suppliers for Goods and Services	(741,141)	(418,836)	(1,159,977)
Net Cash Provided by (Used for) Operating Activities	<u>1,113,348</u>	<u>(144,167)</u>	<u>969,181</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers from Other Funds	69,536	5,640	75,176
Transfers to Other Funds	(519,655)	-	(519,655)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(450,119)</u>	<u>5,640</u>	<u>(444,479)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Interest Paid on Debt	(114,621)	-	(114,621)
Principal Paid on Capital Debt	(148,304)	-	(148,304)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(262,925)</u>	<u>-</u>	<u>(262,925)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	2,242	385	2,627
Net Increase (Decrease) in Cash and Cash Equivalents	402,546	(138,142)	264,404
Cash and Cash Equivalents at Beginning of Year	<u>3,204,109</u>	<u>524,865</u>	<u>3,728,974</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,606,655</u>	<u>\$ 386,723</u>	<u>\$ 3,993,378</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ 448,945	\$ (258,713)	\$ 190,232
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>			
Depreciation	384,451	105,013	489,464
<u>Effect of Increases and Decreases in Current Assets and Liabilities:</u>			
Decrease (Increase) in Receivables	10,111	-	10,111
Decrease (Increase) in Due from Other Funds	179	17,548	17,727
Decrease (Increase) in Due from Others	-	(12,773)	(12,773)
Decrease (Increase) in Pension Deferred Outflow	(204,723)	(103,097)	(307,820)
Decrease (Increase) in OPEB Deferred Outflow	1,286	291	1,577
Increase (Decrease) in Accounts Payable	36,062	662	36,724
Increase (Decrease) in Wages and Salaries Payable	(134)	(1)	(135)
Increase (Decrease) in Accrued Interest Payable	(398)	-	(398)
Increase (Decrease) in Other Current Liabilities	3,872	(11,066)	(7,194)
Increase (Decrease) in Due to Other Funds	241,982	16,474	258,456
Increase (Decrease) in Net OPEB Liability	(15,580)	(3,529)	(19,109)
Increase (Decrease) in Net Pension Liability	366,633	181,674	548,307
Increase (Decrease) in OPEB Deferred Inflow	13,149	2,979	16,128
Increase (Decrease) in Pension Deferred Inflow	(172,487)	(79,629)	(252,116)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,113,348</u>	<u>\$ (144,167)</u>	<u>\$ 969,181</u>

The accompanying notes are an integral part of this statement.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Carrizo Springs, Texas (the City) adopted its home rule Charter on April 7, 1959. The City is organized under the laws of the state of Texas and is classified as a Home Rule, Council-Manager form of government, with a Mayor and four City Council Members elected at large. The City provides the following types of services: public safety, public works (streets), culture and recreation, health and welfare, legal, election functions and general administrative services.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The fiduciary funds, if any, are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

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

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures are recorded only when payment is due. Compensated absences expenditures are recognized when the benefits are earned by employees. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term and long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Under the full accrual method of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports the following major governmental funds:

General Fund — the General fund is the governments' primary operating fund; it accounts for all financial resources except those required to be accounted for in another fund. The revenues and expenditures incurred for the sanitation department are accounted for as part of the general fund.

Hotel/Motel Tax Fund — Accounts for the accumulation of resources from the Hotel/Motel Tax Assessment levied by the City. These monies are to be spent to promote the progress, development or growth of the City within the guidelines set forth on disposition or revenues collected under the authority of the Texas Hotel Occupancy Tax Act.

Debt Service Fund — The Debt Service fund is used to account for revenues collected to pay interest and related costs and to retire long-term debt.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds — The City accounts for proceeds from long-term debt financing to be used for authorized expenditures related to major capital acquisitions of construction activities.

The government reports the following major enterprise funds:

Water and Sewer Fund — The Water and Sewer Fund accounts for the operations of the City's water and sewer utilities.

Gas Fund — The Gas Fund accounts for the operations of the City's gas utility system.

Additionally, the City reports the following fund type:

The Special Revenue Funds account for resources restricted or designated for specific purposes by the City or a grantor.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

The City's cash activities are governed by State statutes. The City's cash must be deposited in FDIC- insured banks located within the State of Texas. The City considers all short-term investment with an original maturity of three (3) months or less to be cash equivalents.

2. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

3. Receivables and Payables

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Similarly, balances between the funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balance in the business-type activities column.

Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Further certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds, included in the governmental activities, are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, the balances between the funds included in business-type activities are eliminated so that only the net amounts are included as transfers in the business-type activities column.

4. Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed. The appraisal of property values is performed by the Dimmit County Appraisal District for the City.

5. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable

Amounts not available for appropriation or legally earmarked for a specific use. Examples include inventories, prepaid items, and deferred expenditures.

Restricted

Amounts that have been legally separated for a specific purpose; such as, grants, capital acquisition from bond proceeds and long-term debt. At September 30, 2023, restricted fund balance for capital acquisition and debt service were \$158,019 and \$97,065, respectively.

Committed

Amounts that require Council action to be used for a specific purpose; such as, construction improvements not funded by bond proceeds. Formal action by City Council, which consists of majority approval of an ordinance, to commit funds must occur prior to fiscal year end and can only be modified or removed by the same formal action. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. At September 30, 2023 the City committed \$400,000 for the street improvements.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned

Amounts that do not require Council approval but are intended to be used for a specific purpose, as determined by an official or body to which the Council has delegated authority; such as, the Finance Director or City Manager. The governing council (council) has by resolution authorized the Finance Director or City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. These amounts do not meet the criteria to be classified as restricted or committed.

Unassigned

Residual amount in the general fund that is available to finance operating expenditures. In other funds, this classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

6. Spending Order

Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when an expenditure is incurred for the respective purpose. If an expenditure is incurred that meets the criteria in more than one fund balance category, then the City considers that fund balance is relieved in the following order: restricted, committed, assigned, and then unassigned.

7. Restricted/Unrestricted Resources

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenditures are incurred, there are both restricted and unrestricted resources available to finance the program. It is the City's policy to first apply cost-reimbursement grant (restricted) resources to such programs and then general revenues.

8. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management's estimates were considered for depreciation, estimated useful lives, and allowance for doubtful accounts.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, and the benefits have been earned by employees. Compensated absences are generally liquidated by the general fund, water and sewer fund and gas fund and are presented as current liabilities since all leave is required to be taken by the end of the calendar year.

10. Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated. The City has adopted a policy of capitalizing assets with a unit cost of over \$5,000.

Depreciation on all exhaustible capital assets of the City used by propriety funds is charged as an expense. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives applied are as follows:

Assets	Years
Vehicles	8-10
Machinery and Equipment	10-20
Buildings	25-50
Improvements	10-20
Infrastructure	20-75

In accordance with accounting principles generally accepted in the United States of America, the City elected in prior years to capitalize all assets and related infrastructure. Accordingly, the City charges use of infrastructures to depreciation as indicated above.

11. Deferred Outflows/Inflows of Resources

The City reports deferred inflows of resources on the balance sheet of the general and debt service funds related to uncollectible property taxes less the allowance for uncollectible taxes and municipal court fines and receivable less the applicable allowance for uncollectible fines and fees.

The deferred outflows/inflows of resources accounted for on the proprietary fund statement of net position relate to the GASB 68 recognition of the City's portion of the Texas Municipal Retirement System (TMRS) net pension asset/liability. The governmental activities column on the Government-Wide Statement of Net Position reports deferred outflows/inflows of resources of the governmental funds related to the City's portion of the TMRS net pension asset/liability.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budget and Budgetary Accounting

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

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayer comments.

Prior to October the budget is legally enacted through passage of an ordinance.

Any revisions that alter the total expenditures of the enterprise funds or any department for governmental type funds must be approved by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for its General Fund, Debt Service Fund, and Hotel/Motel Fund. No budgets are prepared for the Special Revenue, and Capital Projects Funds.

The appropriated budget is prepared by fund, function, and department.

The legal level of budgetary control (i.e., level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at year-end even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2023, there were no expenditures that exceeded the budget.

3. Deficit Fund Balance/Net Position

The ARPA fund had a deficit fund balance of \$25,438 as of September 30, 2023.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. DEPOSITS AND INVESTMENTS

The City's cash and investments as of September 30, 2023, consist of the following:

	<u>Fair Value</u>
Cash on Hand	\$ 4,574
Deposits with Depository Bank	11,954,606
Certificates of Deposit (Restricted)	96,048
Restricted Deposits (USDA)	<u>199,424</u>
Total	<u>\$ 12,254,652</u>

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. Under Texas State law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities with the City or independent third-party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less applicable federal depository insurance (FDIC).

At September 30, 2023, the carrying amount of the City's deposits (including certificates of deposit) was \$12,254,652 and the bank balance was \$12,375,412. The City's depository bank has FDIC insurance and agreements with the City to collateralize deposits in excess of the FDIC coverage with pledged securities.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act.

2. Custodial Credit Risk–Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2023, the City's bank balance was \$12,375,412. The depository bank pledges securities in amounts sufficient to protect the City's deposits.
3. Concentration of Credit Risk – The City does not have a policy for concentration of credit risk. At year end all of the City's investments consist of Certificates of Deposits with maturities of twelve months or less.

The City's restricted investments at September 30, 2023 is as follows:

Description	Carrying Amount	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rates
Certificates of Deposit (Restricted)	\$96,048	\$96,048	365	N/A

Restricted investments are not available for operating purposes, and are measured at fair value, level 1 input.

Restricted cash is also not available for operations. It is restricted for debt service payments in accordance with terms established by the U.S.D.A. The restricted cash balance at September 30, 2023 totaled \$199,424.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS

B. RECEIVABLES

Receivables as of year-end for the government’s individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Hotel Motel Fund	Debt Service Fund	Other Nonmajor	Enterprise Funds		Total
					Water & Sewer	Gas	
Accounts	\$ 190,862	\$ 9,981	\$ -	\$ -	\$ 471,996	\$ 95,132	\$ 767,971
Fines	1,528,892	-	-	-	-	-	1,528,892
Other	42,892	-	38,887	1,500	-	-	83,279
Gross Receivables	1,762,646	9,981	38,887	1,500	471,996	95,132	2,380,142
Less: Allowance for Uncollectibles	(1,163,178)	-	-	-	(49,797)	(9,513)	(1,222,488)
Net Total Receivables	\$ 599,468	\$ 9,981	\$ 38,887	\$ 1,500	\$ 422,199	\$ 85,619	\$ 1,157,654

C. DEFERRED INFLOWS OF RESOURCES

At September 30, 2023, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable	\$ 521,165	\$ 318,923	\$ 840,088
Allowance for Uncollectible Taxes	(20,455)	(12,517)	(32,972)
Unavailable Revenues – Property Taxes	500,710	306,406	807,116
Court Fines Receivable	1,528,892	-	895,231
Allowance for Uncollectible Fines	(1,146,669)	-	(671,423)
Unavailable Revenue – Court Fines	382,223	-	223,808
Total Unavailable Revenue	\$ 882,933	\$ 306,406	\$ 1,189,339

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2023, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 64,692	\$ -	\$ -	\$ 64,692
Total capital assets, not being depreciated	64,692	-	-	64,692
Capital assets, being depreciated:				
Building and improvements	4,245,645	-	(268,606)	3,977,039
Machinery, equipment and vehicles	5,533,120	764,778	-	6,297,898
Infrastructure	11,141,694	-	-	11,141,694
Total capital assets, being depreciated	20,920,459	764,778	(268,606)	21,416,631
Less accumulated depreciation for:				
Building and improvements	(1,767,357)	(80,166)	11,850	(1,835,673)
Machinery, equipment and vehicles	(4,773,009)	(265,722)	-	(5,038,731)
Infrastructure	(5,063,989)	(342,589)	-	(5,406,578)
Total accumulated depreciation	(11,604,355)	(688,477)	11,850	(12,280,982)
Total capital assets depreciated, net	9,316,104	76,301	(256,756)	9,135,649
Total capital assets, net	\$ 9,380,796	\$ 76,301	\$ (256,756)	\$ 9,200,341

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 95,798	\$ -	\$ -	\$ 95,798
Total capital assets, not being depreciated	<u>95,798</u>	<u>-</u>	<u>-</u>	<u>95,798</u>
Capital assets, being depreciated:				
Building and improvements	7,464,364	-	-	7,464,364
Infrastructure	5,316,345	-	-	5,316,345
Machinery, equipment and vehicles	914,614	-	-	914,614
Total capital assets, being depreciated	<u>13,695,323</u>	<u>-</u>	<u>-</u>	<u>13,695,323</u>
Less accumulated depreciation for:				
Building and improvements	(2,350,155)	(333,585)	-	(2,683,740)
Infrastructure	(2,157,228)	(105,013)	-	(2,262,241)
Machinery, equipment and vehicles	(659,765)	(50,866)	-	(710,631)
Total accumulated depreciation	<u>(5,167,148)</u>	<u>(489,464)</u>	<u>-</u>	<u>(5,656,612)</u>
Total capital assets depreciated, net	<u>8,528,175</u>	<u>(489,464)</u>	<u>-</u>	<u>8,038,711</u>
Business-type activities capital assets, net	<u>\$ 8,623,973</u>	<u>\$ (489,464)</u>	<u>\$ -</u>	<u>\$ 8,134,509</u>

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

Governmental Activities	
General Government	\$ 66,705
Public Safety	53,028
Public Works	384,285
Health and Welfare	124,425
Culture and Recreation	60,034
Total Governmental Activities	<u>\$ 688,477</u>
Business-Type Activities	
Water and Sewer	\$ 384,451
Gas	105,013
Total Business-Type Activities	<u>\$ 489,464</u>

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2023 are as follows:

	Due From	Due To
General Fund	\$ 6,319,524	\$ (1,561,473)
Hotel/Motel Fund	1,627,529	(33,167)
Debt Service Fund	607,495	(1,253,157)
Capital Project Fund	148,860	(1,613,047)
Other Funds	52,620	(52,620)
Water & Sewer Fund	2,492,716	(6,758,588)
Gas Fund	1,297,838	(1,274,530)
	\$ 12,546,582	\$ (12,546,582)

The outstanding amounts payable to the general and gas funds relate to landfill and gas sales collected in the water fund. The outstanding amounts due to the debt service fund relate to tax levies collected in the general fund. The outstanding amounts in the capital projects fund are due to the hotel/motel fund for improvements in connection with the Civic Center.

F. TRANSFERS

The composition of transfers for the year ended September 30, 2023 is as follows:

Transfers out:	General Fund	Debt Service Fund	ARPA Program	Enterprise Fund		Total
				Water & Sewer Fund	Gas Fund	
General Fund	\$ -	\$ 97,036	\$ -	\$ -	\$ -	\$ 97,036
Hotel/Motel Fund	-	136,046	-	-	-	136,046
ARPA Program	50,348	-	-	19,296	5,640	75,284
Water & Sewer Fund	-	469,415	-	50,240	-	519,655
Debt Service	-	-	-	-	-	-
	\$ 50,348	\$ 702,497	\$ -	\$ 69,536	\$ 5,640	\$828,021

During the year, transfers were used to move revenues from the fund with collection authority to the debt service fund as debt service principal and interest payments become due.

G. LONG-TERM DEBT

Certificates of Obligation Bonds, Revenues Bonds & Tax Notes

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

The City issued Limited Tax Refunding Bonds, Series 2021 for \$6,440,000 on November 4, 2021. The Series 2021 bonds were issued for the redemption and refunding of the Tax Refunding Bonds, Series 2011, Combination Tax and Limited Pledge Revenue Certificates of Obligations, Series 2012, and Series 2014. The remaining proceeds were used to pay for the costs of issuance in the amount of \$139,358. The bonds will be paid over a ten-year period with a maturity date of February 1, 2032 and an interest rate of 1.20%. Interest is payable on February 1 and August 1. The City executed the issuance of the Series 2021 Refunding Bonds to reduce its debt service payments by \$612,044 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$569,838.

The City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation Series 2019A and 2019B for \$1,690,000 and \$325,000, respectively, for a total of \$2,015,000. The Series 2019A bonds were issued for the purpose of (1) the construction, acquisition, renovations, and improvement of the City’s Civic Center; and (2) payment of professional services related to the construction and financing of the aforementioned projects. The certificates mature on February 1, 2034 and are issued at an annual interest rate of 2.69% payable every February 1 and August 1. The Series 2019B bonds were issued for the purpose of (1) the construction, acquisition, renovations, and improvement of the City’s swimming pool; and (2) payment of professional services related to the construction and financing of the aforementioned projects. The certificates mature on February 1, 2020 9 and are issued at an annual interest rate of 2.55% every February 1 and August 1.

The City entered into a loan agreement with the USDA and issued the Series 2015 Certificates of Obligation for \$5,774,000 and the Series 2015A Certificates of Obligation for \$594,000 on November 20, 2015, for a total amount of \$6,368,000. The loan is backed by Certificates of Obligations which are issued upon drawdown of loan funds and are purchased by USDA. The C.O.’s are to be paid back over a 40-year period and the interest rate of the C.O.’s is set at 2.00%. The loan was obtained for the renovation of the Waste Water System.

Certificates of Obligation have been issued for both governmental and proprietary activities. The amounts outstanding as of September 30, 2023 are as follows.

Description	Maturity Date	Rates	Amount Outstanding September 30, 2023
Governmental Activities			
Series 2019 Certificates of Obligation	2/01/2034	2.69%	\$ 1,495,000
Series 2021 Limited Tax Refunding Bonds	2/01/2032	1.20%	5,310,000
Total Governmental Activities			\$ 6,805,000
Business-Type Activities – Water & Sewer			
Series 2015 Certificates of Obligation	2/01/2055	2.0%	5,463,000
Total Business-Type Activities			\$ 5,463,000

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity for the Certificates of Obligation debt and tax notes are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 810,000	\$ 97,841	\$ 124,000	\$ 109,559
2025	820,000	86,095	126,000	106,780
2026	725,000	74,751	129,000	104,260
2027	730,000	63,929	131,000	101,680
2028	150,000	23,061	133,000	99,331
2029 – 2033	3,435,000	140,358	710,000	454,382
2034 – 2038	135,000	3,632	784,000	380,468
2039 – 2043	-	-	865,000	298,853
2044 – 2048	-	-	954,000	208,929
2049 – 2053	-	-	1,054,000	109,409
2054 – 2058	-	-	543,000	13,640
TOTALS	\$ 6,805,000	\$ 489,666	\$ 5,463,000	\$ 1,987,291

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term obligations of the governmental-activities and business-type activities of the City for the year ended September 30, 2023:

Changes in Long-Term Debt	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Governmental Activities					
Bonds and Certificates of Obligation Payable					
Series 2019 Certificates of Obligation	\$ 1,625,000	\$ -	\$ (130,000)	\$ 1,495,000	\$ 130,000
Series 2021 Limited Tax Refunding Bonds	5,980,000	-	(670,000)	5,310,000	680,000
Total Bonds Payable	<u>\$ 7,605,000</u>	<u>\$ -</u>	<u>\$ (800,000)</u>	<u>\$ 6,805,000</u>	<u>\$ 810,000</u>
Tax Notes	175,000	-	(175,000)	-	-
Accrued Post Closure Costs	639,887	43,409	-	683,296	-
Intergovernmental Payable	367,737	-	-	367,737	-
Compensated Absences	36,679	52,051	(56,071)	32,659	32,659
Total – Governmental Activities	<u>8,824,303</u>	<u>95,460</u>	<u>(1,031,071)</u>	<u>7,888,692</u>	<u>842,659</u>
Business-Type Activities					
Bonds and Certificates of Obligation Payable	5,584,000	-	(121,000)	5,463,000	124,000
Government Capital Loan	85,169	-	(27,305)	57,864	28,378
Compensated Absences	25,676	20,770	(20,770)	25,676	25,676
Total – Business-Type Activities	<u>5,694,845</u>	<u>20,770</u>	<u>(169,075)</u>	<u>5,546,540</u>	<u>178,054</u>
Grand Total	<u>\$ 14,519,148</u>	<u>\$ 116,230</u>	<u>\$ (1,200,146)</u>	<u>\$ 13,435,232</u>	<u>\$ 1,120,713</u>

I. LOAN PAYABLE

Government Capital Loan

The City entered into 2 (two) separate loan agreements with Government Capital Corporation for equipment purchases bearing interest rates between 3.92% and 4.135%, respectively. The City has pledged equipment to collateralize the loans.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Future principal and interest payments for the years following September 30, 2023, are as follows:

	Principal		Interest
2024	\$ 28,376	\$	2,268
2025	29,488		1,156
	\$ 57,864	\$	3,424

J. SEGMENT INFORMATION

The City issued certificate of obligations to finance its sewer department, which operates the City's wastewater treatment plant, sewage pumps and collection systems. Both the water and sewer departments are accounted for in a single fund. Summary financial information for the sewer department is presented below:

Revenues, Expenses, and Changes in Net Position for the current year is presented below:

Sewer Charges		\$ 727,240
Depreciation Expense		(384,451)
Other Operating Expense		(503,072)
Operating Loss		(160,283)
Non-Operating Revenues (Expenses):		
Investment Earnings		320
Interest Expenses		(114,621)
Transfers In		50,240
Transfers Out		(308,420)
Change in Net Assets		(532,764)
Beginning Net Assets		(2,149,764)
Ending Net Assets		\$ (2,682,528)

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. LANDFILL

GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill (MSWLF) Closure and Post Care Costs, applies to any state or local governmental unit that includes a MSWLF in its financial reporting entity and that is required by local, state, or federal laws or regulations to incur closure or post closure care costs. The Statement was issued primarily as a result of the EPA RULE, Solid Waste Disposal Facility Criteria, which established closure or capping requirements for all MSWLF's that receive waste after October 9, 1991. The rule also established 30-year post closure care requirements for MSWLF's that accepted solid waste after October 9, 1993. Owners and operators are obligated to perform certain closing and post closure monitoring and maintenance functions as a condition for the right to operate in the current period. For example, when a landfill stops accepting waste (i.e., closure), it must be covered to keep liquid away from the buried waste; and once the landfill is closed (i.e., post closure), the owner is responsible during the next 30 years for maintaining the final cover, monitor groundwater and methane gas, and managing leachate.

The current year liability for closure and post closure expenditures as of September 30, 2023 is based on the landfill capacity used. Total current estimated closure and post-closure costs remaining to be recognized are \$683,296. Total landfill capacity used to date is estimated to be 59%. The remaining life of the landfill is estimated to be 68 years. Closure and post closure costs have been estimated using current costs. These costs will be reevaluated on a year-to-year basis and adjusted as necessary to reflect changing cost estimates due to inflation, technology or applicable law or regulations.

Closure and post closure financial assurance is required by Title 30 of the Texas Administrative Code Chapter 37.111. The City meets this financial assurance demonstration by maintaining a restricted Certificate of Deposit in the amount of \$96,048. The financial assurance required amount is provided to the City by the Texas Commission on Environmental Quality (TCEQ).

L. DEFINED BENEFIT PENSION PLANS

1. Plan Description

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

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

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. Plan provisions, by city, are included in the last section of TMRS' Comprehensive Annual Financial Report (CAFR).

Employees Covered by Benefit Terms:

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	30
Active employees	53
	<hr/>
	110
	<hr/>

3. Contributions

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

Employees for the City of Carrizo Springs were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rate for the City of Carrizo Springs was 5.17% in calendar year 2022. The contribution rate for the City was 4.29% for January through June 2023, and 4.84% in July through September 2023. The city's contributions to TMRS for the year ended September 30, 2023, were \$89,013, and were equal to the required contributions.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% [small cities should also include the additional factor used, which adds an additional layer of conservatism; see the GRS Reporting Package, section C]. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are 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.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	10.0%	10.00%
Total	<u>100.0%</u>	

Discount Rate

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

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance at 12/31/2021	\$ 4,998,147	\$ 5,644,514	\$ (646,367)
Changes for the year:			
Service Cost	173,340	-	173,340
Interest	331,658	-	331,658
Changes in Current Period Benefits	-	-	-
Difference Between Expected and Actual Experience	88,897	-	88,897
Changes of Assumptions	-	-	-
Contributions – Employer	-	100,181	(100,181)
Contributions – Employee	-	96,909	(96,909)
Net Investment Income	-	(410,694)	410,694
Benefit Payments, Including Refunds of Employee Contributions	(342,725)	(342,725)	-
Administrative Expense	-	(3,565)	3,565
Other Changes	-	4,255	(4,255)
Net Changes	251,170	(555,640)	806,809
Balance at 12/31/2022	\$ 5,249,317	\$ 5,088,875	\$ 160,442

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability/(asset) \$	(787,671) \$	(160,442) \$	(359,969) \$

Pension Plan Fiduciary Net Position

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

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

For the year ended September 30, 2023, the city recognized pension expense of \$96,031.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 582,789	\$ 312,491
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	(192,388)	(192,388)
Contributions subsequent to the measurement date	49,636	-
Total	\$ 440,037	\$ 120,103

\$440,037 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 Ended September 30,
2023	\$ (36,069)
2024	87,843
2025	103,034
2026	158,339
2027	-
Thereafter	-
Total	\$ 313,147

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

M. OTHER POST EMPLOYMENT BENEFITS – SUPPLEMENTAL DEATH BENEFITS PLAN

1. Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). 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 employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retire participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets 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 employees’ entire careers.

2. Benefits Provided

"The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer’s yearly contributions for retirees. In accordance with paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher. As of December 31, 2022 (the measurement date), the discount rate used in the development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the TMRS Pension Trust Fund."

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Employees Covered by Benefit Terms:

Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include those eligible for SDBF benefit (i.e., excludes beneficiaries, non-vested terminations due a refund, etc.)

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	4
Active employees	53
	<hr/>
	76
	<hr/>

3. Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits

For Plan year 2023 the City had a Total SDB contribution rate of 0.60% and a Retiree portion of SDB contribution rate of 0.30%.

As an employer, the City's contributions to the TMRS SDBF for the years ended September 30, 2023, September 30, 2022 and September 30, 2021 were \$10,369, \$7,569, and \$6,302, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

4. Net OPEB Liability

The City's Net Other Post-Employment Benefits (OPEB) Liability was measured as of December 31, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability at December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% (including inflation)
Discount Rate *	4.05%
Retiree's Share of Benefit-related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality 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 younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.05%.

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 190,870
Changes for the year:	
Service Cost	8,416
Interest on Total OPEB Liability	3,544
Change of Benefit Terms (including TMRS Plan Participant)	-
Differences Between Expected and Actual Experience	(8,598)
Changes in Assumptions or Other Inputs	(56,978)
Benefit Payments**	(5,014)
Net Changes	(58,631)
Balance at 12/31/2022	\$ 132,240

** Due to the SDBF 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 total OPEB liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 4.05%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	\$ 154,280	\$ 132,240	\$ 114,753

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the city recognized pension expense of \$6,086.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,361	\$ 57,930
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	7,971	-
Total	\$ 42,332	\$ 57,930

The \$42,332 is 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 Ended September 30,	
2023	\$ (5,524)
2024	(5,852)
2025	(11,573)
2026	(12,345)
2027	(3,236)
Thereafter	-
Total	\$ (38,530)

CITY OF CARRIZO SPRINGS
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

N. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has not had any significant reductions in insurance coverage from coverage in the prior year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

O. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the City is a defendant in legal proceedings relating to its operations as a City. In the best judgment of the City's management, the outcome of any present legal proceedings will not have any material adverse effect on the financial condition of the City. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

P. FUND BALANCE

In the governmental fund financial statements, fund balance are as follows:

	General Fund	Hotel/Motel Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
NonSpendable:						
Inventories	\$ 6,725	\$ 6,934	\$ -	\$ -	\$ -	\$ 13,659
Restricted:						
Debt Service	-	-	97,065	-	-	97,065
Capital Projects	-	-	-	158,019	-	158,019
Committed:						
Street Improvements	400,000	-	-	-	-	400,000
Assigned:						
Hotel/Motel Fund	-	2,736,186	-	-	-	2,736,186
Other	-	-	-	-	15,186	15,186
Unassigned	8,644,423	-	-	-	(25,348)	8,618,985
	<u>\$ 9,051,148</u>	<u>\$ 2,743,120</u>	<u>\$ 97,065</u>	<u>\$ 158,019</u>	<u>\$ (10,252)</u>	<u>\$ 12,039,100</u>

Q. SUBSEQUENT EVENT

On November 29, 2023, the City approved Ordinance 842 authorizing the issuance of City of Carrizo Springs, Texas Tax Notes, Series 2023 in the amount of \$1,585,000. The notes bear an interest rate of 4.69% over a 6-year term through September 30, 2030. The purpose of the tax notes was to purchase equipment for use at the City's landfill and for the purchase of Public Work vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CARRIZO SPRINGS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 974,451	\$ 900,451	\$ 836,956	\$ (63,495)
General Sales and Use Taxes	1,700,000	1,800,000	1,995,418	195,418
Franchise Tax	215,000	175,000	222,341	47,341
Other Taxes	19,300	19,900	-	(19,900)
Penalty and Interest on Taxes	42,000	43,862	49,113	5,251
Licenses and Permits	21,142	26,443	27,273	830
Intergovernmental Revenue and Grants	70,000	140,000	34,219	(105,781)
Charges for Services	990,701	1,020,645	1,058,000	37,355
Fines	583,625	548,625	602,795	54,170
Investment Earnings	1,015	11,015	16,609	5,594
Rents and Royalties	18,000	26,070	28,540	2,470
Other Revenue	33,285	47,689	24,229	(23,460)
Total Revenues	4,668,519	4,759,700	4,895,493	135,793
EXPENDITURES:				
Current:				
General Government	1,324,836	1,286,773	1,171,592	115,181
Public Safety	994,637	987,144	613,501	373,643
Public Works	888,555	882,747	806,473	76,274
Health and Welfare	857,400	822,757	701,289	121,468
Culture and Recreation	276,303	313,048	294,541	18,507
Capital Outlay:				
Capital Outlay	165,398	501,509	500,504	1,005
Total Expenditures	4,507,129	4,793,978	4,087,900	706,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	161,390	(34,278)	807,593	841,871
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	25,000	25,000
Transfers In	-	-	50,348	50,348
Transfers Out	(97,036)	(97,036)	(97,036)	-
Total Other Financing Sources (Uses)	(97,036)	(97,036)	(21,688)	75,348
Net Change	64,354	(131,314)	785,905	917,219
Fund Balance - October 1 (Beginning)	8,265,243	8,265,243	8,265,243	-
Fund Balance - September 30 (Ending)	\$ 8,329,597	\$ 8,133,929	\$ 9,051,148	\$ 917,219

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

CITY OF CARRIZO SPRINGS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 173,340	\$ 189,105	\$ 158,279
Interest (on the Total Pension Liability)	331,658	336,725	322,744
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	88,897	(251,743)	55,986
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(342,725)	(339,816)	(350,783)
Net Change in Total Pension Liability	\$ 251,170	\$ (65,729)	\$ 186,226
Total Pension Liability - Beginning	4,998,147	5,063,876	4,877,650
Total Pension Liability - Ending	\$ 5,249,317	\$ 4,998,147	\$ 5,063,876
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 100,180	\$ 97,836	\$ 86,915
Contributions - Employee	96,909	97,177	81,587
Net Investment Income	(410,694)	666,583	373,870
Benefit Payments, Including Refunds of Employee Contributions	(342,725)	(339,816)	(350,783)
Administrative Expense	(3,565)	(3,092)	(2,425)
Other	4,255	21	(94)
Net Change in Plan Fiduciary Net Position	\$ (555,640)	\$ 518,709	\$ 189,070
Plan Fiduciary Net Position - Beginning	5,644,514	5,125,805	4,936,735
Plan Fiduciary Net Position - Ending	\$ 5,088,874	\$ 5,644,514	\$ 5,125,805
C. Net Pension Liability (Asset)	\$ 160,443	\$ (646,367)	\$ (61,929)
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.94%	112.93%	101.22%
E. Covered Payroll	\$ 1,790,707	\$ 1,943,530	\$ 1,631,738
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	8.96%	(33.26%)	(3.80%)

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	149,605	\$ 127,790	\$ 125,988	\$ 143,545	\$ 185,637	\$ 110,778
	315,741	310,749	307,041	300,782	300,886	300,650
	-	-	-	-	-	-
	(32,690)	(29,968)	(49,486)	(15,296)	22,269	(92,304)
	18,762	-	-	-	32,652	-
	(353,231)	(337,802)	(321,207)	(333,860)	(391,634)	(314,721)
\$	98,187	\$ 70,769	\$ 62,336	\$ 95,171	\$ 149,810	\$ 4,403
	4,779,463	4,708,694	4,646,358	4,551,187	4,401,377	4,396,974
\$	4,877,650	\$ 4,779,463	\$ 4,708,694	\$ 4,646,358	\$ 4,551,187	\$ 4,401,377
\$	80,210	\$ 72,074	\$ 66,775	\$ 74,427	\$ 108,698	\$ 87,924
	76,251	65,533	64,083	74,145	98,848	72,949
	686,654	(143,498)	607,003	289,250	6,587	249,969
	(353,231)	(337,802)	(321,207)	(333,860)	(391,634)	(314,721)
	(3,888)	(2,777)	(3,149)	(3,269)	(4,013)	(2,611)
	(117)	(145)	(160)	(176)	(198)	(215)
\$	485,879	\$ (346,615)	\$ 413,345	\$ 100,517	\$ (181,712)	\$ 93,295
	4,450,856	4,797,471	4,384,126	4,283,609	4,465,321	4,372,026
\$	4,936,735	\$ 4,450,856	\$ 4,797,471	\$ 4,384,126	\$ 4,283,609	\$ 4,465,321
\$	(59,085)	\$ 328,607	\$ (88,777)	\$ 262,232	\$ 267,578	\$ (63,944)
	101.21%	93.12%	101.89%	94.36%	94.12%	101.45%
\$	1,525,028	\$ 1,310,665	\$ 1,281,664	\$ 1,482,903	\$ 1,976,962	\$ 1,458,988
	(3.87%)	25.07%	(6.93%)	17.68%	13.53%	(4.38%)

CITY OF CARRIZO SPRINGS, TEXAS
Carrizo Springs, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2023

Economic Assumptions

- A. General Inflation – General Inflation is assumed to be 2.50% per year.
- B. Discount/Crediting Rates
 - 1. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.
 - 2. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of the measurement date.
 - 3. Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the System-wide Supplemental Disability Benefits Fund.
- C. Overall Payroll Growth – 2.75% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2008 to 2018, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.
- D. Individual Salary Increases – Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

<u>Years of Service</u>	<u>Rate (%)</u>
1	11.50%
2	7.25%
3	6.75%
4	6.25%
5	6.00%
6	5.75%
7	5.50%
8	5.25%

CITY OF CARRIZO SPRINGS, TEXAS
Carrizo Springs, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2023

D. Individual Salary Increases (Continued)

<u>Years of Service</u>	<u>Rate (%)</u>
9	5.00%
10	4.75%
11-12	4.50%
13-15	4.25%
16-20	4.00%
21-24	3.75%
25 +	3.50%

- E. Annuity Increase – The Consumer Price Index (CPI) is assumed to be 2.50% per year prospectively. For the City of Carrizo Springs, annual annuity increases of 1.86% are assumed when calculating the TPL.
- F. Load and Updated Service Credit – To reflect the asymmetric nature of the credits due to the USC provision, there is a load on the final average earnings used in the calculation of 0.1% per year into the future that the calculation is performed.

Demographic Assumptions

A. Termination Rates

1. For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For the City of Carrizo Springs, the base table is then multiplied by a factor of 106.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 68%, 2) Police – 86%, or 3) Other – 108%.
2. After 10 years of service, base termination rates vary by gender and by the number of years remaining until first retirement eligibility. For the City of Carrizo Springs, the base table is then multiplied by a factor of 106.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 54%, 2) Police – 83%, or 3) Other – 113%.

- B. Forfeiture Rates (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates shown in (A). The withdrawal rates for cities with a 2-to-1 match are shown below. 4% is added to the rates for 1½-to-1 cities, and 8% is added for 1-to-1 cities.

C. Service Retirees and Beneficiary Mortality Rates

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

CITY OF CARRIZO SPRINGS, TEXAS
Carrizo Springs, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2023

D. Disabled Annuitant Mortality Rates

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

E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

F. Methods and Assumptions

1. Valuation of Assets – For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded; and, therefore, no assets are accumulated for OPEB.
2. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method.
3. Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. 2023 rates are calculated by (i) removing the assumption that grants a small credit to active rates and (ii) adding a margin for adverse experience of 100% for active coverage and 10% for retiree coverage.

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CITY OF CARRIZO SPRINGS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 89,013	\$ 93,840	\$ 86,195
Contributions in Relation to the Actuarially Determined Contributions	89,013	93,840	86,195
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,905,898	\$ 1,832,294	\$ 1,687,006
Contributions as a Percentage of Covered Payroll	4.67%	5.12%	5.41%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	2020	2019	2018	2017	2016	2015
\$	84,506	\$ 78,589	\$ 88,278	\$ 68,181	\$ 94,274	\$ 100,582
	84,506	78,589	88,278	68,181	94,274	100,582
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,593,013	\$ 1,476,434	\$ 1,637,071	\$ 1,333,966	\$ 1,782,923	\$ 1,754,428
	5.30%	5.32%	5.39%	5.11%	5.29%	5.73%

CITY OF CARRIZO SPRINGS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 8,416	\$ 10,106	\$ 7,016
Interest on the Total OPEB Liability	3,543	3,653	4,274
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(8,598)	(3,206)	(3,501)
Changes of Assumptions	(56,978)	5,369	21,318
Benefit Payments*	(5,014)	(5,248)	(1,632)
Net Change in Total OPEB Liability	(58,631)	10,674	27,475
Total OPEB Liability - Beginning	190,870	180,196	152,721
Total OPEB Liability - Ending	\$ 132,239	\$ 190,870	\$ 180,196
Covered Payroll	\$ 1,790,707	\$ 1,943,530	\$ 1,631,738
Total OPEB Liability as a Percentage of Covered Payroll	7.38%	9.82%	11.04%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
\$	5,185	\$ 5,767	\$ -
	4,568	4,190	-
	-	-	-
	(1,200)	(3,978)	-
	24,397	(7,673)	-
	(1,525)	(1,442)	-
	<u>31,425</u>	<u>(3,136)</u>	-
	121,296	124,432	-
\$	<u>152,721</u>	<u>\$ 121,296</u>	<u>\$ 0</u>
\$	1,525,028	\$ 1,476,434	\$ -
	10.01%	8.22%	-

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OTHER SUPPLEMENTARY INFORMATION

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Non Major Governmental Funds

CITY OF CARRIZO SPRINGS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	ARPA Program	HOME Fund	Scholarship Fund	Sanitation Refuse Closure
ASSETS				
Cash and Cash Equivalents	\$ 640,189	\$ -	\$ 902	\$ 14,284
Accounts Receivable, Net	1,500	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 641,689</u>	<u>\$ -</u>	<u>\$ 902</u>	<u>\$ 14,284</u>
LIABILITIES				
Accounts Payable	\$ 1,500	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	665,627	-	-	-
Total Liabilities	<u>667,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	902	14,284
Unassigned Fund Balance	(25,438)	-	-	-
Total Fund Balances	<u>(25,438)</u>	<u>-</u>	<u>902</u>	<u>14,284</u>
Total Liabilities and Fund Balances	<u>\$ 641,689</u>	<u>\$ -</u>	<u>\$ 902</u>	<u>\$ 14,284</u>

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

CDBG Planning Grant	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 655,375	\$ 655,375
-	1,500	1,500
52,620	52,620	52,620
<u>\$ 52,620</u>	<u>\$ 709,495</u>	<u>\$ 709,495</u>
\$ -	\$ 1,500	\$ 1,500
52,620	52,620	52,620
-	665,627	665,627
<u>52,620</u>	<u>719,747</u>	<u>719,747</u>
-	15,186	15,186
-	(25,438)	(25,438)
<u>-</u>	<u>(10,252)</u>	<u>(10,252)</u>
<u>\$ 52,620</u>	<u>\$ 709,495</u>	<u>\$ 709,495</u>

CITY OF CARRIZO SPRINGS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	ARPA Program	HOME Fund	Scholarship Fund	Sanitation Refuse Closure
REVENUES:				
Investment Earnings	\$ 2,383	\$ -	\$ -	\$ 47
Total Revenues	2,383	-	-	47
EXPENDITURES:				
Public Works	69,471	-	-	-
Capital Outlay:				
Capital Outlay	249,086	-	-	-
Total Expenditures	318,557	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,174)	-	-	47
OTHER FINANCING SOURCES (USES):				
Transfers Out	(75,284)	-	-	-
Total Other Financing Sources (Uses)	(75,284)	-	-	-
Net Change in Fund Balance	(391,458)	-	-	47
Fund Balance - October 1 (Beginning)	366,020	-	902	14,237
Fund Balance - September 30 (Ending)	\$ (25,438)	\$ -	\$ 902	\$ 14,284

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

CDBG Planning Grant	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 2,430	\$ 2,430
-	2,430	2,430
-	69,471	69,471
-	249,086	249,086
-	318,557	318,557
-	(316,127)	(316,127)
-	(75,284)	(75,284)
-	(75,284)	(75,284)
-	(391,411)	(391,411)
-	381,159	381,159
<u>\$ -</u>	<u>\$ (10,252)</u>	<u>\$ (10,252)</u>

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**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual**

CITY OF CARRIZO SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 610,009	\$ 610,009	\$ 675,594	\$ 65,585
Penalty and Interest on Taxes	-	-	37,647	37,647
Investment Earnings	150	150	1,743	1,593
Total Revenues	610,159	610,159	714,984	104,825
EXPENDITURES:				
Debt Service:				
Principal on Debt	975,000	975,000	975,000	-
Interest on Debt	112,924	112,924	112,540	384
Total Expenditures	1,087,924	1,087,924	1,087,540	384
Excess (Deficiency) of Revenues Over (Under) Expenditures	(477,765)	(477,765)	(372,556)	105,209
OTHER FINANCING SOURCES (USES):				
Transfers In	710,445	710,445	702,497	(7,948)
Transfers Out	232,680	232,680	-	(232,680)
Total Other Financing Sources (Uses)	943,125	943,125	702,497	(240,628)
Change in Fund Balance	465,360	465,360	329,941	(135,419)
Fund Balance - October 1 (Beginning)	-	(232,876)	(232,876)	-
Fund Balance - September 30 (Ending)	\$ 465,360	\$ 232,484	\$ 97,065	\$ (135,419)

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

CITY OF CARRIZO SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION BY DEPARTMENT
WATER & SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water Department	Sewer Department	Total
OPERATING REVENUES:			
Charges for Services	\$ 1,783,252	\$ 727,240	\$ 2,510,492
Investment Earnings	-	320	320
Other Revenue	26,701	-	26,701
Total Operating Revenues	<u>1,809,953</u>	<u>727,560</u>	<u>2,537,513</u>
OPERATING EXPENSES:			
Personnel Services - Salaries and Wages	375,957	140,230	516,187
Personnel Services - Employee Benefits	122,307	42,785	165,092
Purchased Professional & Technical Services	38,205	1,799	40,004
Purchased Property Services	463,418	240,560	703,978
Other Operating Costs	122,909	33,540	156,449
Supplies	78,249	44,158	122,407
Depreciation	-	384,451	384,451
Total Operating Expenses	<u>1,201,045</u>	<u>887,523</u>	<u>2,088,568</u>
Operating Income (Loss)	<u>608,908</u>	<u>(159,963)</u>	<u>448,945</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	2,242	-	2,242
Interest Expense - Nonoperating	-	(114,621)	(114,621)
Total Nonoperating Revenue (Expenses)	<u>2,242</u>	<u>(114,621)</u>	<u>(112,379)</u>
Income (Loss) Before Transfers	611,150	(274,584)	336,566
Nonoperating Transfers In	19,296	50,240	69,536
Transfers Out	(211,235)	(308,420)	(519,655)
Change in Net Position	<u>419,211</u>	<u>(532,764)</u>	<u>(113,553)</u>
Total Net Position - Oct 1 (Beginning)	3,385,437	(2,149,764)	1,235,673
Total Net Position - September 30 (Ending)	<u>\$ 3,804,648</u>	<u>\$ (2,682,528)</u>	<u>\$ 1,122,120</u>

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

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GOVERNMENTAL AUDITING STANDARDS

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INDEPENDENT AUDITOR'S 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

To the Honorable Members of the City Council
City of Carrizo Springs
Carrizo Springs, 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, business type activities, each major fund, and the aggregate remaining fund information of the City of Carrizo Springs, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s 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 financial statements. 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*.

We noted other matters that were reported to management in a separate report dated August 16, 2024.

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "George / Gonzalez" on the top line and "& Associates" on the bottom line. The signature is written in a cursive, flowing style.

August 16, 2024

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