

**Garza/Gonzalez & Associates**

CERTIFIED PUBLIC ACCOUNTANTS

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**CITY OF CARRIZO SPRINGS**

Carrizo Springs, Texas

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

For The Year Ended September 30, 2021

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CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2021

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Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2021

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CITY OF CARRIZO SPRINGS  
LIST OF ELECTED AND APPOINTED OFFICIALS

**Elected Officials**

Mayor	Oscar Puente
Mayor Pro Tem	Sofia Morones
Councilor	Mario Ruiz
Councilor	David Balderas
Councilor	Ashley Moreno

**Appointed Official**

Interim City Manager	Melissa Guerra
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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates

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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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Carrizo Springs, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, for the year ended September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other 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 other supplementary 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.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and individual nonmajor fund financial statements and budget schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the City of Carrizo Springs, Texas'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 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 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.

June 28, 2022

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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, 2021. 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 at the close of the fiscal year by \$13,494,774 (*net position*). Of this amount, \$8,917,249 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,960,169 for the year ended September 30, 2021. Net position of governmental activities increased by \$1,887,599; and net position of the business-type activities increased by \$72,570.
- The City's governmental funds reported combined fund balances of \$9,695,321, an increase of \$1,853,635 for the year ended September 30, 2021. The unassigned fund balance of the General Fund totals \$7,179,400.

#### 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 and Hotel/Motel 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 \$13.5 million for the year ended September 30, 2021. Analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position were \$2.2 million and the governmental activities were \$11.3 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 (34%) 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	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Current and Other Assets	\$ 10,762,568	\$ 9,235,088	\$ 57,681	\$ (960,507)	\$ 10,820,249	\$ 8,274,581
Capital Assets	10,041,583	10,822,352	9,113,465	9,604,721	19,155,048	20,427,073
Total Assets	20,804,151	20,057,440	9,171,146	8,644,214	29,975,297	28,701,654
Deferred Outflows of Resources	97,411	57,840	40,532	31,966	137,943	89,806
Total Deferred Outflows of Resources	97,411	57,840	40,532	31,966	137,943	89,806
Current Liabilities	1,358,047	1,425,435	691,754	923,486	2,049,801	2,348,921
Long-Term Liabilities	8,139,337	8,717,237	6,246,432	6,447,017	14,385,769	15,164,254
Total Liabilities	9,497,384	10,142,672	6,938,186	7,370,503	16,435,570	17,513,175
Deferred Inflows of Resources	107,930	142,762	74,966	74,155	182,896	216,917
Total Deferred Outflows of Resources	107,930	142,762	74,966	74,155	182,896	216,917
Net Position:						
Net Investment in Capital Assets	1,858,504	1,668,302	2,719,021	2,962,839	4,577,525	4,631,141
Restricted	-	62,121	-	-	-	62,121
Unrestricted	9,437,744	8,099,423	(520,495)	(1,195,155)	8,917,249	6,904,268
Total Net Position	\$ 11,296,248	\$ 9,829,846	\$ 2,198,526	\$ 1,767,684	\$ 13,494,774	\$ 11,597,530

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

**Table II**  
**Change in Net Position**

	Activities		Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,587,983	\$ 1,390,966	\$ 2,939,097	\$ 2,584,290	\$ 4,527,080	\$ 3,975,256
Operating Grants and Contributions	918,806	67,780	-	-	918,806	67,780
General Revenues:						
Maintenance and Operations Taxes	677,991	686,228	-	-	677,991	686,228
Debt Service Taxes	636,302	782,919	-	-	636,302	782,919
Sales Taxes	1,668,023	1,537,672	-	-	1,668,023	1,537,672
Franchise Taxes	223,927	227,355	-	-	223,927	227,355
Other Taxes	294,801	364,586	-	-	294,801	364,586
Penalties and Interest	89,384	69,261	-	-	89,384	69,261
Grants and Contributions not Restricted	-	-	-	-	-	-
Unrestricted Investment Earnings	934	5,959	749	2,133	1,683	8,092
Miscellaneous	164,639	155,319	94,647	98,529	259,286	253,848
Total Revenues	6,262,790	5,288,045	3,034,493	2,684,952	\$ 9,297,283	\$ 7,972,997
Expenses						
General Government	1,193,378	1,005,853	-	-	1,193,378	1,005,853
Public Safety	944,423	907,549	-	-	944,423	907,549
Public Works	1,070,515	1,064,695	-	-	1,070,515	1,064,695
Culture and Recreation	276,048	425,596	-	-	276,048	425,596
Health and Welfare	792,170	861,166	-	-	792,170	861,166
Urban Development & Housing	52,620	-	-	-	52,620	-
Interest on Long Term Debt	286,451	319,205	-	-	286,451	319,205
Bond Issuance Cost and Fees	749	750	-	-	749	750
Water & Sewer	-	-	2,207,232	1,976,801	2,207,232	1,976,801
Gas	-	-	513,528	420,761	513,528	420,761
Total Expenses	4,616,354	4,584,814	2,720,760	2,397,562	7,337,114	6,982,376
Change in Net Position Before Transfers	1,646,436	703,231	313,733	287,390	1,960,169	990,621
Transfers In (Out)	241,163	8,716	(241,163)	(8,716)	-	-
Change in Net Position	1,887,599	711,947	72,570	278,674	1,960,169	990,621
Net Position - Beginning	9,829,846	9,117,899	1,767,684	1,489,010	11,597,530	10,606,909
Prior Period Adjustments	(421,197)	-	358,272	-	(62,925)	-
Net Position Ending	\$ 11,296,248	\$ 9,829,846	\$ 2,198,526	\$ 1,767,684	\$ 13,494,774	\$ 11,597,530

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	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Expenses				
General Government	\$ 1,193,378	\$ 1,005,853	\$ -	\$ -
Public Safety	944,423	907,549	587,594	401,708
Public Works	1,070,515	1,064,695	-	-
Culture and Recreation	276,048	425,596	-	-
Health and Welfare	792,170	861,166	1,000,389	989,258
Urban Development & Housing	52,620	-	-	-
Bond Issuance Cost and Fees	749	750	-	-
Bond Interest	286,451	319,205	-	-
Total Governmental Activities	\$ 4,616,354	\$ 4,584,814	\$ 1,587,983	\$ 1,390,966
	9/30/2021	9/30/2021	9/30/2020	9/30/2020
	Revenues	%	Revenues	%
Revenue by Source				
Governmental Activities	\$ 1,587,983	28%	\$ 1,390,966	27%
Maintenance and Operations Taxes	677,991	12%	686,228	13%
General Taxes	636,302	11%	782,919	15%
Sales Taxes	1,668,023	30%	1,537,672	29%
Franchise Taxes	223,927	4%	227,355	4%
Other Taxes	294,801	5%	364,586	7%
Unrestricted Investment Earnings	934	0%	5,959	0%
Penalty and Interest	89,384	2%	69,261	1%
Miscellaneous	164,639	3%	155,319	3%
Transfers	241,163	4%	8,716	0%
Grants and Contributions not Restrict	-	0%	-	0%
Total Governmental Activities	\$ 5,585,147	100.00%	\$ 5,228,981	100.00%

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 \$1,193,378, \$944,423, \$1,070,515 and \$792,170, respectively, which total \$4,000,486 or 87% of total expenditures.

**Business-Type Activities**

Revenues of the City's business-type activities were \$2.94 million for the year ended September 30, 2021. Expenses for the City's business-type activities were \$2.72 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	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Water & Sewer	\$ 2,207,232	\$ 1,976,801	\$ 2,480,963	\$ 2,182,000
Gas	513,528	420,761	458,134	402,290
Total Business-Type Activities	\$ 2,720,760	\$ 2,397,562	\$ 2,939,097	\$ 2,584,290

  

	9/30/2021	9/30/2021	9/30/2020	9/30/2020
	Revenues	%	Revenues	%
General Revenue by Source				
Unrestricted Investment Earnings	\$ 749	1%	\$ 2,133	2%
Miscellaneous Revenue	94,647	99%	98,529	98%
	\$ 95,396	100%	\$ 100,662	100%

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the year ended September 30, 2021, the City had approximately \$20.4 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	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Land	\$ 64,692	\$ 64,692	\$ 95,798	\$ 95,798	\$ 160,490	\$ 160,490
Buildings	2,546,604	2,611,945	1,061,269	1,061,269	3,607,873	3,673,214
Improvements Other than Buildings	-	-	4,386,525	4,720,109	4,386,525	4,720,109
Machinery and Equipment	1,009,993	1,386,217	305,742	280,404	1,315,735	1,666,621
Infrastructure	6,420,294	6,759,498	3,264,131	3,406,987	9,684,425	10,166,485
Construction in Progress	-	-	-	-	-	-
Total	\$ 10,041,583	\$ 10,822,352	\$ 9,113,465	\$ 9,564,567	\$ 19,155,048	\$ 20,386,919

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

**Debt**

At year-end, the City had \$15.6 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**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Bonded Debt/Tax Notes	\$ 8,130,000	\$ 9,050,000	\$ 6,394,444	\$ 6,601,728	\$ 14,524,444	\$ 15,651,728
Loans Payable	53,079	104,050	-	-	53,079	104,050
Intergovernmental Payable	467,737	-	-	-	467,737	-
Closure/Post Closure Liabilities	473,667	434,010	-	-	473,667	434,010
Compensated Absences	31,913	39,239	25,676	25,676	57,589	64,915
Total	\$ 9,156,396	\$ 9,627,299	\$ 6,420,120	\$ 6,627,404	\$ 15,576,516	\$ 16,254,703

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual expenditures for the fiscal year of \$3.468 million (including operating transfers) were less than final appropriations by \$535,630.

Actual revenues for the fiscal year were \$5,214,923, which was \$1,172,862 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 2021-2022 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, 2021

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,867,956	\$ 2,952,430	\$ 8,820,386
Taxes Receivable, Net	530,972	-	530,972
Accounts Receivable, Net	597,584	494,629	1,092,213
Due from Other Funds	3,636,454	(3,636,454)	-
Due from Others	1,876	9,346	11,222
Inventories	13,659	40,299	53,958
Prepaid Items	-	6,783	6,783
Restricted Investments	94,225	-	94,225
Restricted Cash	-	148,561	148,561
Capital Assets:			
Land Purchase and Improvements	64,692	95,798	160,490
Infrastructure, Net	6,420,294	3,264,131	9,684,425
Buildings, Net	2,546,604	1,061,269	3,607,873
Improvements other than Buildings, Net	-	4,386,525	4,386,525
Furniture and Equipment, Net	1,009,993	305,742	1,315,735
Net Pension Asset	19,842	42,087	61,929
Total Assets	<u>20,804,151</u>	<u>9,171,146</u>	<u>29,975,297</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	64,649	22,768	87,417
Deferred Outflow Related to OPEB	32,762	17,764	50,526
Total Deferred Outflows of Resources	<u>97,411</u>	<u>40,532</u>	<u>137,943</u>
<b>LIABILITIES</b>			
Accounts Payable	134,024	186,666	320,690
Wages and Salaries Payable	44,285	17,560	61,845
Payroll Taxes and Related liabilities	8,154	27,540	35,694
Compensated Absences Payable	31,913	25,676	57,589
Accrued Interest Payable	36,592	32,533	69,125
Long-Term Debt - Current	1,103,079	210,275	1,313,354
Other Current Liabilities	-	191,504	191,504
Noncurrent Liabilities:			
Due in More Than One Year:			
Long-Term Debt - Noncurrent	7,547,737	6,184,169	13,731,906
Closure and Postclosure Liability	473,667	-	473,667
Net OPEB Liability	117,933	62,263	180,196
Total Liabilities	<u>9,497,384</u>	<u>6,938,186</u>	<u>16,435,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	101,910	72,118	174,028
Deferred Inflow Related to OPEB	6,020	2,848	8,868
Total Deferred Inflows of Resources	<u>107,930</u>	<u>74,966</u>	<u>182,896</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,858,504	2,719,021	4,577,525
Unrestricted	9,437,744	(520,495)	8,917,249
Total Net Position	<u>\$ 11,296,248</u>	<u>\$ 2,198,526</u>	<u>\$ 13,494,774</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, 2021

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,193,378	\$ -	\$ 866,186
Public Safety	944,423	587,594	-
Public Works	1,070,515	-	-
Health and Welfare	792,170	1,000,389	-
Culture and Recreation	276,048	-	-
Urban Development & Housing	52,620	-	52,620
Interest on Debt	286,451	-	-
Other Debt Service	749	-	-
Total Governmental Activities	4,616,354	1,587,983	918,806
BUSINESS-TYPE ACTIVITIES:			
Water & Sewer Fund	2,207,232	2,480,963	-
Gas Fund	513,528	458,134	-
Total Business-Type Activities	2,720,760	2,939,097	-
TOTAL PRIMARY GOVERNMENT	\$ 7,337,114	\$ 4,527,080	\$ 918,806

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  
Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning  
Prior Period Adjustment  
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
\$ (327,192)	\$ -	\$ (327,192)
(356,829)	-	(356,829)
(1,070,515)	-	(1,070,515)
208,219	-	208,219
(276,048)	-	(276,048)
-	-	-
(286,451)	-	(286,451)
(749)	-	(749)
(2,109,565)	-	(2,109,565)
-	273,731	273,731
-	(55,394)	(55,394)
-	218,337	218,337
(2,109,565)	218,337	(1,891,228)
677,991	-	677,991
636,302	-	636,302
1,668,023	-	1,668,023
223,927	-	223,927
294,801	-	294,801
89,384	-	89,384
164,639	94,647	259,286
934	749	1,683
241,163	(241,163)	-
3,997,164	(145,767)	3,851,397
1,887,599	72,570	1,960,169
9,829,846	1,767,684	11,597,530
(421,197)	358,272	(62,925)
\$ 11,296,248	\$ 2,198,526	\$ 13,494,774

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## **Governmental Funds Financial Statements**

CITY OF CARRIZO SPRINGS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	General Fund	Hotel Motel Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,301,040	\$ 338,364	\$ 597,230
Taxes Receivable	298,066	-	259,560
Allowance for Uncollectible Taxes (credit)	(14,247)	-	(12,407)
Accounts Receivable, Net	547,216	9,981	38,887
Due from Other Funds	6,147,239	1,627,529	141,755
Due from Others	222	35	1,619
Inventories	6,725	6,934	-
Restricted Investments	94,225	-	-
Total Assets	<u>\$ 10,380,486</u>	<u>\$ 1,982,843</u>	<u>\$ 1,026,644</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 121,071	\$ 10,080	\$ 1,373
Wages and Salaries Payable	44,285	-	-
Payroll Taxes and Related liabilities	8,154	-	-
Due to Other Funds	1,532,023	30,701	1,253,157
Total Liabilities	<u>1,705,533</u>	<u>40,781</u>	<u>1,254,530</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	283,818	-	247,153
Unavailable Revenue - Court Fines	329,971	-	-
Total Deferred Inflows of Resources	<u>613,789</u>	<u>-</u>	<u>247,153</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
Inventories	6,725	6,934	-
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	-
Committed Fund Balance:			
Street Improvements	400,000	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	-	1,935,128	-
Unassigned Fund Balance	7,654,439	-	(475,039)
Total Fund Balances	<u>8,061,164</u>	<u>1,942,062</u>	<u>(475,039)</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,380,486</u>	<u>\$ 1,982,843</u>	<u>\$ 1,026,644</u>

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



Capital Projects	Other Funds	Total Governmental Funds
\$ 1,616,189	\$ 15,133	\$ 5,867,956
-	-	557,626
-	-	(26,654)
-	1,500	597,584
148,860	52,620	8,118,003
-	-	1,876
-	-	13,659
-	-	94,225
<u>\$ 1,765,049</u>	<u>\$ 69,253</u>	<u>\$ 15,224,275</u>
\$ -	\$ 1,500	\$ 134,024
-	-	44,285
-	-	8,154
1,613,048	52,620	4,481,549
<u>1,613,048</u>	<u>54,120</u>	<u>4,668,012</u>
-	-	530,971
-	-	329,971
-	-	860,942
-	-	13,659
152,001	-	152,001
-	-	400,000
-	15,133	1,950,261
-	-	7,179,400
<u>152,001</u>	<u>15,133</u>	<u>9,695,321</u>
<u>\$ 1,765,049</u>	<u>\$ 69,253</u>	<u>\$ 15,224,275</u>

CITY OF CARRIZO SPRINGS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

<b>Total Fund Balances - Governmental Funds</b>	\$ 9,695,321
Capital assets used in governmental activities are not financial resources and are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,044,552 and the accumulated depreciation was (\$10,222,200). 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 (\$9,627,299), interest payable was (\$40,569), net pension asset was \$18,932, deferred pension inflow was (\$137,054), deferred pension outflow was \$35,408, deferred OPEB outflow was \$22,432, deferred OPEB inflow was (\$5,708), and net OPEB liability was (\$100,148). The effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	988,346
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 \$8,558; disposition of capital assets of (\$58,780); restatement of capital assets of \$46,540; change in compensated absences of \$7,326; change in landfill closure accrual of (\$39,657); change in accrued interest payable of \$3,977; principal payments on bonds of \$970,971; and accrual of intergovernmental payable of (\$467,737). The net effect is to increase net position.	471,198
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 \$35,408, a Deferred Resource Inflow of (\$137,054), and a net pension liability of \$18,932. The impact of this to net position is an increase of (\$82,714). Changes in the current year resulted in a increase in net position of \$65,295.	65,295
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 \$22,432, a Deferred Resource Inflow of (\$5,708), and a net OPEB liability of (\$100,148). The impact of this to net position is an increase of (\$83,424). Changes in the current year resulted in a decrease in net position of (\$7,767).	(7,767)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(777,087)
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 related to the tax levy. The net effect of these reclassifications and recognitions is to increase net position.	860,942
<b>Net Position of Governmental Activities</b>	<u>\$ 11,296,248</u>

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

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CITY OF CARRIZO SPRINGS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Hotel Motel Fund	Debt Service Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 765,438	\$ -	\$ 707,849
General Sales and Use Taxes	1,668,023	-	-
Franchise Tax	223,927	-	-
Other Taxes	-	294,801	-
Penalty and Interest on Taxes	45,736	-	43,648
Licenses and Permits	23,429	-	-
Intergovernmental Revenue and Grants	866,186	-	-
Charges for Services	1,000,389	-	-
Fines	587,594	-	-
Investment Earnings	42	72	202
Rents and Royalties	18,061	-	-
Other Revenue	16,098	86,929	-
Total Revenues	<u>5,214,923</u>	<u>381,802</u>	<u>751,699</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	1,072,552	-	-
Public Safety	847,745	-	-
Public Works	689,127	-	-
Health and Welfare	618,886	-	-
Culture and Recreation	175,424	62,130	-
Conservation and Development:			
Urban Development & Housing	-	-	-
Debt Service:			
Principal on Debt	50,971	-	920,000
Interest on Debt	4,302	-	286,126
Other Debt Service	-	-	749
Capital Outlay:			
Capital Outlay	8,558	-	-
Total Expenditures	<u>3,467,565</u>	<u>62,130</u>	<u>1,206,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,747,358</u>	<u>319,672</u>	<u>(455,176)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	474,563
Transfers Out	-	-	(233,400)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>241,163</u>
Net Change in Fund Balances	1,747,358	319,672	(214,013)
Fund Balance - October 1 (Beginning)	<u>6,313,806</u>	<u>1,622,390</u>	<u>(261,026)</u>
Fund Balance - September 30 (Ending)	<u>\$ 8,061,164</u>	<u>\$ 1,942,062</u>	<u>\$ (475,039)</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,473,287
-	-	1,668,023
-	-	223,927
-	-	294,801
-	-	89,384
-	-	23,429
-	52,620	918,806
-	-	1,000,389
-	-	587,594
613	5	934
-	-	18,061
-	-	103,027
613	52,625	6,401,662
-	-	1,072,552
-	-	847,745
-	-	689,127
-	-	618,886
-	-	237,554
-	52,620	52,620
-	-	970,971
-	-	290,428
-	-	749
-	-	8,558
-	52,620	4,789,190
613	5	1,612,472
-	-	474,563
-	-	(233,400)
-	-	241,163
613	5	1,853,635
151,388	15,128	7,841,686
\$ 152,001	\$ 15,133	\$ 9,695,321

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, 2021

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,853,635</b>
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:	892,395
<ul style="list-style-type: none"> <li>● Acquisition of capital assets of \$8,558</li> <li>● Disposition of capital assets of (\$58,780)</li> <li>● Change in compensated absences of \$7,326</li> <li>● Change in landfill closure accrual of (\$39,657)</li> <li>● Change in accrued interest payable of \$3,977</li> <li>● Principal payments on bonds of \$9710,971</li> </ul>	
The net effect is to increase the change in net position.	
Various adjustments necessary to record the City's pension liability were as follows:	65,295
<ul style="list-style-type: none"> <li>● Contributions of \$41,538 made after the measurement date of August 31, 2020 were de-expended and recorded as deferred outflows of resources.</li> <li>● 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 \$41,873.</li> <li>● The District's proportionate share of various expenses in the net amount of (\$18,116) were used by TMRS to calculate the District's ending net pension liability.</li> </ul>	
Various adjustments necessary to record the City's OPEB liability were as follows:	(7,767)
<ul style="list-style-type: none"> <li>● Contributions of \$3,212 made after the measurement date of August 31, 2020 were de-expended and recorded as deferred outflows of resources.</li> <li>● The City amortized its share of deferred outflows of resources for TMRS from the prior year which must be recorded in this reporting period in the amount of (\$3,807).</li> <li>● The District's proportionate share of various expenses in the amount of (\$7,172) were used by TMRS to calculate the District's ending net OPEB liability.</li> </ul>	
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.	(777,087)
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 related to the tax levy. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(138,872)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,887,599</b>

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, 2021

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,399,740	\$ 552,690	\$ 2,952,430
Restricted Assets - Current:			
Restricted Cash	148,561	-	148,561
Interest Receivable - Investments	3,206	1,753	4,959
Accounts Receivable, Net	404,051	85,619	489,670
Due from Other Funds	2,487,051	1,315,386	3,802,437
Due from Others	9,346	-	9,346
Inventories	33,274	7,025	40,299
Prepaid Items	3,871	2,912	6,783
Total Current Assets	5,489,100	1,965,385	7,454,485
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	(1,452,927)	(599,287)	(2,052,214)
Buildings	1,061,269	-	1,061,269
Improvements other than Buildings	6,403,095	-	6,403,095
Accumulated Depreciation - Other Improvements	(2,016,570)	-	(2,016,570)
Furniture and Equipment	795,197	119,417	914,614
Accumulated Depreciation - Furniture & Equipment	(535,934)	(72,938)	(608,872)
Net Pension Asset	28,142	13,945	42,087
Total Noncurrent Assets	8,017,421	1,138,131	9,155,552
Total Assets	13,506,521	3,103,516	16,610,037
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	19,527	3,241	22,768
Deferred Outflow Related to OPEB	13,758	4,006	17,764
Total Deferred Outflows of Resources	33,285	7,247	40,532

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, 2021

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	144,085	42,581	186,666
Wages and Salaries Payable	14,966	2,594	17,560
Payroll Taxes and Related liabilities	20,341	7,199	27,540
Compensated Absences Payable	19,563	6,113	25,676
Due to Other Funds	6,202,320	1,236,571	7,438,891
Accrued Interest Payable	32,533	-	32,533
Notes Payable - Current	26,275	-	26,275
Bonds Payable - Current	184,000	-	184,000
Other Current Liabilities	155,024	36,480	191,504
Total Current Liabilities	6,799,107	1,331,538	8,130,645
Noncurrent Liabilities:			
Bonds Payable - Noncurrent	6,099,000	-	6,099,000
Loans Payable - Noncurrent	85,169	-	85,169
Net OPEB Liability	47,873	14,390	62,263
Total Noncurrent Liabilities	6,232,042	14,390	6,246,432
Total Liabilities	13,031,149	1,345,928	14,377,077
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	53,451	18,667	72,118
Deferred Inflow Related to OPEB	2,204	644	2,848
Total Deferred Inflows of Resources	55,655	19,311	74,966
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,594,835	1,124,186	2,719,021
Unrestricted	(1,141,833)	621,338	(520,495)
Total Net Position	\$ 453,002	\$ 1,745,524	\$ 2,198,526

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, 2021

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 2,480,963	\$ 458,134	\$ 2,939,097
Investment Earnings	29	-	29
Other Revenue	27,057	67,561	94,618
Total Operating Revenues	<u>2,508,049</u>	<u>525,695</u>	<u>3,033,744</u>
<b>OPERATING EXPENSES:</b>			
Personnel Services - Salaries and Wages	480,841	155,508	636,349
Personnel Services - Employee Benefits	159,249	52,160	211,409
Purchased Professional & Technical Services	22,648	9,554	32,202
Purchased Property Services	637,357	38,429	675,786
Other Operating Costs	232,370	49,152	281,522
Supplies	78,155	175,427	253,582
Depreciation	458,109	33,298	491,407
Total Operating Expenses	<u>2,068,729</u>	<u>513,528</u>	<u>2,582,257</u>
Operating Income	<u>439,320</u>	<u>12,167</u>	<u>451,487</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Earnings	579	170	749
Interest Expense - Nonoperating	(138,503)	-	(138,503)
Total Nonoperating Revenue (Expenses)	<u>(137,924)</u>	<u>170</u>	<u>(137,754)</u>
Income Before Transfers	301,396	12,337	313,733
Nonoperating Transfers In	233,400	-	233,400
Transfers Out	(474,563)	-	(474,563)
Change in Net Position	<u>60,233</u>	<u>12,337</u>	<u>72,570</u>
Total Net Position - October 1 (Beginning)	34,497	1,733,187	1,767,684
Prior Period Adjustment	358,272	-	358,272
Total Net Position - September 30 (Ending)	<u>\$ 453,002</u>	<u>\$ 1,745,524</u>	<u>\$ 2,198,526</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, 2021

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 2,792,807	\$ 503,116	\$ 3,295,923
Cash Payments to Employees for Services	(644,026)	(203,730)	(847,756)
Cash Payments for Suppliers	(1,401,268)	(343,178)	(1,744,446)
Net Cash Provided by (Used for) Operating Activities	747,513	(43,792)	703,721
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfer from Other Funds	233,400	-	233,400
Transfer to Other Funds	(474,563)	-	(474,563)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(241,163)	-	(241,163)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(28,850)	(66,579)	(95,429)
Principal Paid on Capital Debt	(207,284)	-	(207,284)
Interest Paid on Debt	(138,503)	-	(138,503)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(374,637)	(66,579)	(441,216)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	579	170	749
Net Increase (Decrease) in Cash and Cash Equivalents	132,292	(110,201)	22,091
Cash and Cash Equivalents at Beginning of Year	2,416,009	662,891	3,078,900
Cash and Cash Equivalents at End of Year	\$ 2,548,301	\$ 552,690	\$ 3,100,991

CITY OF CARRIZO SPRINGS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income	\$ 439,320	\$ 12,167	\$ 451,487
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	458,109	33,298	491,407
Prior Period Restatement	358,272	-	358,272
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(68,831)	(22,579)	(91,410)
Decrease (Increase) in Due from Other Funds	(451,243)	(235)	(451,478)
Decrease (Increase) in Due from Others	(4,683)	-	(4,683)
Increase (Decrease) in Accounts Payable	52,280	10,903	63,183
Increase (Decrease) in Other Current Liabilities	(192,873)	(104,346)	(297,219)
Increase (Decrease) in Accrued Interest Payable	(687)	-	(687)
Increase (Decrease) in Due to Other Funds	161,785	23,062	184,847
Decrease (Increase) in Pension Deferred Outflow	(4,188)	1,250	(2,938)
Decrease (Increase) in OPEB Deferred Outflow	(4,403)	(1,225)	(5,628)
Increase (Decrease) in Net OPEB Liability	7,581	2,109	9,690
Decrease (Increase) in Net Pension Asset	(1,293)	(640)	(1,933)
Increase (Decrease) in Pension Deferred Inflow	(1,766)	2,407	641
Increase (Decrease) in OPEB Deferred Inflow	133	37	170
Net Cash Provided by (Used for) Operating Activities	<u>\$ 747,513</u>	<u>\$ (43,792)</u>	<u>\$ 703,721</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2021

**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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, 2021, restricted fund balance for capital acquisition was \$152,001.



CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2021 the City committed \$400,000 for the street improvements.

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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**2. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2021, other debt service expenditures exceeded the budget in the Debt Service Fund by \$749.

**3. Deficit Fund Balance/Net Position**

The debt service fund had a deficit fund balance of \$475,039 as of September 30, 2021.

**A. DEPOSITS AND INVESTMENTS**

The City's cash and investments as of September 30, 2021, consist of the following:

	Fair Value
Cash on Hand	\$ 3,839
Deposits with Depository Bank	8,816,547
Certificates of Deposit (Restricted)	94,225
Restricted Deposits (USDA)	148,561
Total	<u>\$ 9,063,172</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, 2021, the carrying amount of the City's deposits (including certificates of deposit) was \$9,063,172 and the bank balance was \$9,106,650. 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, 2021

**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, 2021, the City's bank balance was \$9,106,650. 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, 2021 is as follows:

Description	Carrying Amount	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rates
Certificates of Deposit (Restricted)	\$94,225	\$94,225	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, 2021 totaled \$148,561.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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	-	-	451,245	95,132	747,220
Fines	1,319,885	-	-	-	-	-	1,319,885
Other	42,892	-	38,887	1,500	3,206	1,753	88,238
Gross Receivables	1,553,639	9,981	38,887	1,500	454,451	96,885	2,155,343
Less: Allowance for Uncollectibles	(1,006,423)	-	-	-	(47,194)	(9,513)	(1,063,130)
Net Total Receivables	\$ 547,216	\$ 9,981	\$ 38,887	\$ 1,500	\$ 407,257	\$ 87,372	\$ 1,092,213

**C. DEFERRED INFLOWS OF RESOURCES**

At September 30, 2021, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable	\$ 298,066	\$ 259,560	\$ 557,626
Allowance for Uncollectible Taxes	(14,247)	(12,407)	(26,654)
Unavailable Revenues – Property Taxes	283,819	247,153	530,972
Court Fines Receivable	1,319,885	-	1,319,885
Allowance for Uncollectible Fines	(989,914)	-	(989,914)
Unavailable Revenue – Court Fines	329,971	-	329,971
Total Unavailable Revenue	\$ 613,790	\$ 247,153	\$ 860,943

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. CAPITAL ASSETS**

Capital Assets activity for the year ended September 30, 2021, was as follows:

Governmental Activities	Beginning Balance *	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 64,692	\$ -	\$ -	\$ 64,692
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	64,692	-	-	64,692
Capital assets, being depreciated:				
Building and improvements	4,264,593	-	(18,948)	4,245,645
Machinery, equipment and vehicles	5,610,048	8,558	(160,768)	5,457,838
Infrastructure	11,141,694	-	-	11,141,694
Total capital assets, being depreciated	21,016,335	8,558	(179,716)	20,845,177
Less accumulated depreciation for:				
Building and improvements	(1,652,648)	(65,341)	18,948	(1,699,041)
Machinery, equipment and vehicles	(4,180,669)	(369,164)	101,988	(4,447,845)
Infrastructure	(4,378,818)	(342,582)	-	(4,721,400)
Total accumulated depreciation	(10,212,135)	(777,087)	120,936	(10,868,286)
Total capital assets depreciated, net	10,804,200	(768,529)	(58,780)	9,976,891
Total capital assets, net	\$ 10,868,892	\$ (768,529)	\$ (58,780)	\$ 10,041,583

\* Restated

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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	95,798	-	-	95,798
Capital assets, being depreciated:				
Building and improvements	7,464,364	-	-	7,464,364
Infrastructure	5,301,308	15,037	-	5,316,345
Machinery, equipment and vehicles	895,327	80,391	(61,104)	914,614
Total capital assets, being depreciated	13,660,999	95,428	(61,104)	13,695,323
Less accumulated depreciation for:				
Building and improvements	(1,682,986)	(333,584)	-	(2,016,570)
Infrastructure	(1,949,445)	(102,769)	-	(2,052,214)
Machinery, equipment and vehicles	(614,922)	(55,054)	61,104	(608,872)
Total accumulated depreciation	(4,247,353)	(491,407)	61,104	(4,677,656)
Total capital assets depreciated, net	9,413,646	(395,979)	-	9,017,667
Business-type activities capital assets, net	\$ 9,509,444	\$ (395,979)	\$ -	\$ 9,113,465

\* Restated

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

**Governmental Activities**

General Government	\$ 47,078
Public Safety	106,003
Public Works	394,237
Health and Welfare	187,096
Culture and Recreation	42,673
Total Governmental Activities	<u>\$ 777,087</u>

**Business-Type Activities**

Water and Sewer	\$ 458,109
Gas	33,298
Total Business-Type Activities	<u>\$ 491,407</u>



CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at September 30, 2021 are as follows:

	Due From	Due To
General Fund	\$ 6,147,239	\$ (1,532,023)
Hotel/Motel Fund	1,627,529	(30,701)
Debt Service Fund	141,755	(1,253,157)
Capital Project Fund	148,860	(1,613,048)
Other Funds	52,620	(52,620)
Water & Sewer Fund	2,487,051	(6,202,320)
Gas Fund	1,315,386	(1,236,571)
	\$ 11,920,440	\$ (11,920,440)

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, 2021 is as follows:

	Debt Service	Enterprise Fund	
Transfers out:	Fund	Water & Sewer Fund	Total
Debt Service Fund	\$ -	\$ 233,400	\$ 233,400
Water & Sewer Fund	474,563	-	474,563
	\$ 474,563	\$ 233,400	\$ 707,963

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.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. LONG-TERM DEBT**

Certificates of Obligation Bonds, Revenues Bonds & Tax Notes

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 issued Tax Notes, Series 2016 in November 2016. The notes were issued to pay for the following: construction of public works, the purchase of materials, supplies, equipment, machinery, buildings, lands and right of way for the issuer's authorized needs and purposes or a professional service including the services by a tax appraisal engineer, engineer, architect, attorney, mapmaker, auditor, financial advisor or fiscal agent. The notes mature on August 1, 2023 and were issued at an annual interest rate of 1.93% payable 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.

The City issued General Obligation Refunding Bonds, Series 2011 in November of 2011. These bonds were issued to refund Series 2002 and 2005 bond issues, and those bond issues are effectively defeased.

The City issued Combination Tax and Revenue Certificates of Obligation, Series 2012, in March of 2012. The bonds were issued for the purpose of (1) the construction and improvement of streets, curbs, and sidewalks, (2) renovating, enlarging and improving the City's Water and Wastewater System; (3) purchase of vehicles, materials, supplies, equipment, land, and right-of-ways for authorized needs and purposes of the City's sanitation department, fire department, and other city departments; and (4) payment of professional services related to the construction and financing of the aforementioned projects.

The City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014, in June of 2014. The bonds were issued for the purpose of (1) the construction, acquisition, purchase of equipment, renovations, enlargement and improvement of the City's combined utility system; and (2) payment of professional services related to the construction and financing of the aforementioned projects. The certificates mature on February 1, 2029 and are issued at an annual interest rate of 2.850% payable every February 1 and August 1.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Certificates of Obligation have been issued for both governmental and proprietary activities. The amounts outstanding as of September 30, 2021 are as follows.

Description	Maturity Date	Rates	Amount Outstanding September 30, 2021
<b>Governmental Activities</b>			
Series 2011 General Obligation Refunding Bonds	2/01/2025	2.0-4.0%	\$ 565,000
Series 2012 Certificates of Obligation	2/01/2032	3.59%	5,470,000
Series 2016 Tax Notes	8/01/2023	1.93%	345,000
Series 2019 Certificates of Obligation	2/01/2034	2.69%	1,750,000
Total Governmental Activities			<u>\$ 8,130,000</u>
<b>Business-Type Activities – Water &amp; Sewer</b>			
Series 2014 Certificates of Obligation	2/01/2029	2.85%	580,000
Series 2015 Certificates of Obligation	2/01/2055	2.0%	5,703,000
Total Business-Type Activities			<u>\$ 6,283,000</u>

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
2022	\$ 950,000	\$ 257,826	\$ 184,000	\$ 129,664
2023	840,000	229,690	186,000	125,431
2024	685,000	202,851	194,000	121,387
2025	710,000	178,620	196,000	116,613
2026	620,000	155,853	204,000	112,026
2027 – 2031	3,345,000	416,354	917,000	492,140
2032 – 2036	980,000	58,009	753,000	411,150
2037 – 2041	-	-	832,000	332,453
2042 – 2046	-	-	917,000	245,895
2047 – 2051	-	-	1,013,000	150,374
2052 – 2056	-	-	887,000	44,869
TOTALS	<u>\$ 8,130,000</u>	<u>\$ 1,499,203</u>	<u>\$ 6,283,000</u>	<u>\$ 2,282,002</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2021:

Changes in Long-Term Debt	Balance October 1, 2020*	Additions	Reductions	Balance September 30, 2021	Due Within One Year
<b>Governmental Activities</b>					
Bonds and Certificates of Obligation Payable	\$ 8,535,000	\$ -	\$ (750,000)	\$ 7,785,000	\$ 780,000
Tax Notes	515,000	-	(170,000)	345,000	170,000
Government Capital Loan	104,050	-	(50,971)	53,079	53,079
Accrued Post Closure Costs	434,010	39,657	-	473,667	-
Intergovernmental Payable	467,737	-	-	467,737	100,000
Compensated Absences	39,239	44,698	(52,024)	31,913	31,913
Total – Governmental Activities	10,095,036	84,355	(1,022,995)	9,156,396	1,134,992
<b>Business-Type Activities</b>					
Bonds and Certificates of Obligation Payable	6,465,000	-	(182,000)	6,283,000	184,000
Government Capital Loan	136,728	-	(25,284)	111,444	26,275
Compensated Absences	25,676	14,079	(14,079)	25,676	25,676
Total – Business-Type Activities	6,627,404	14,079	(221,363)	6,420,120	235,951
Grand Total	\$ 16,722,440	\$ 98,434	\$ (1,244,358)	\$ 15,576,516	\$ 1,370,943

\* Restated

**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.

Future principal and interest payments for the years following September 30, 2021, are as follows:

	Principal	Interest
2022	\$ 79,354	\$ 6,563
2023	27,305	3,339
2024	28,376	2,268
2025	29,488	1,156
2026	-	-
	<u>\$ 164,523</u>	<u>\$ 13,326</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**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	\$ 656,185
Depreciation Expense	(458,109)
Other Operating Expense	<u>(351,613)</u>
Operating Loss	<u>(153,537)</u>

Non-Operating Revenues (Expenses):

Investment Earnings	29
Interest Expenses	(121,073)
Transfers In	233,400
Transfers Out	<u>(474,563)</u>
Change in Net Assets	(515,744)
Beginning Net Assets	<u>(897,662)</u>
Ending Net Assets	<u>\$ (1,413,406)</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2021 is based on the landfill capacity used. Total current estimated closure and post-closure costs remaining to be recognized are \$473,667. Total landfill capacity used to date is estimated to be 57%. The remaining life of the landfill is estimated to be 70 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 \$94,225. 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 888 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](http://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, 2021

**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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	40
Active employees	50
	<hr/>
	116

**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 rates for the City of Carrizo Springs were 5.33% and 5.03% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$86,195 and were equal to the required contributions.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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, 2021

**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	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

**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, 2021

**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 12/31/2019	\$ 4,877,650	\$ 4,936,735	\$ (59,085)
Changes for the year:			
Service Cost	158,279	-	158,279
Interest	322,744	-	322,744
Changes in Current Period Benefits	-	-	-
Difference Between Expected and Actual Experience	55,986	-	55,986
Changes of Assumptions	-	-	-
Contributions – Employer	-	86,915	(86,915)
Contributions – Employee	-	81,587	(81,587)
Net Investment Income	-	373,870	(373,870)
Benefit Payments, Including Refunds of Employee Contributions	(350,783)	(350,783)	-
Administrative Expense	-	(2,425)	2,425
Other Changes	-	(94)	94
Net Changes	186,226	189,070	(2,844)
Balance at 12/31/2020	\$ 5,063,876	\$ 5,125,805	\$ (61,929)

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) \$	527,536	\$ (61,929)	\$ (552,093)

***Pension Plan Fiduciary Net Position***

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

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2021, the city recognized pension expense of \$16,671.

At September 30, 2021, 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
Total net amounts per end of prior year measurement period	\$ 55,238	\$ 208,531
Less amount amortized during the current measurement period	(99,220)	(160,480)
Less reversal of outflow from contributions made during prior FY	(65,520)	-
Plus, new flow of Deferred Resource Flows from current measurement period	38,653	32,512
Adjustment for Requirement to Net Changes in expected Investment Returns	93,465	93,465
Contributions paid to TRS subsequent to the Measurement Date	64,801	-
Total	<u>\$ 87,417</u>	<u>\$ 174,028</u>

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

Year Ended September 30,	
2021	\$ (43,366)
2022	24,319
2023	(81,387)
2024	(8,128)
2025	
Thereafter	-
Total	<u>\$ (108,562)</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2020 (the measurement date), the discount rate used in the development of the Total OPEB Liability was 2% compared to 2.75% as of December 31, 2019.

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, 2021

**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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	3
Active employees	50
	<u>73</u>

**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 2021 the City had a Total SDB contribution rate of 0.40% and a Retiree portion of SDB contribution rate of 0.27%.

As an employer, the City's contributions to the TMRS SDBF for the years ended September 30, 2021, September 30, 2020 and September 30, 2019 were \$6,301, \$4,993, and \$5,246, 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, 2021

**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, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% (including inflation)
Discount Rate *	2.00%
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, 2020.

The actuarial assumptions used in December 31, 2020 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 2.0%.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at 12/31/2019	\$ 152,721
Changes for the year:	
Service Cost	7,016
Interest on Total OPEB Liability	4,274
Change of Benefit Terms (including TMRS Plan Participant)	-
Differences Between Expected and Actual Experience	(3,501)
Changes in Assumptions or Other Inputs	21,318
Benefit Payments**	(1,632)
Net Changes	27,475
Balance at 12/31/2020	\$ 180,196

\*\* 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 2.0%, 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 (1.0%) or 1-percentage-point higher (3.0%) than the current rate:

	1% Decrease in Discount Rate (1.0%)	Discount Rate (2.0%)	1% Increase in Discount Rate (3.0%)
City's Total OPEB Liability	\$ 215,481	\$ 180,196	\$ 152,530

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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, 2021, the city recognized pension expense of \$18,300.

At September 30, 2021, 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
Total Net Amounts per End of Year Measurement Period	\$ 34,568	\$ 8,386
Less Reversal of Contributions recorded as Deferred Resource Outflow in prior year	(293)	-
Less amount amortized during the current measurement periods	(5,882)	(2,338)
Plus, new flow of Deferred Resource Flows from Current Measurement Period	17,171	2,820
Contributions paid to TRS subsequent to the Measurement Date	4,962	-
Total	<u>\$ 50,526</u>	<u>\$ 8,868</u>

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,
2021	\$ 7,010
2022	6,187
2023	6,536
2024	6,208
2025	487
Thereafter	-
Total	<u>\$ 26,428</u>



CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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	-	-	-	-	-	-
Capital Projects	-	-	-	152,001	-	152,001
Committed:						
Street Improvements	400,000	-	-	-	-	400,000
Assigned:						
Hotel/Motel Fund	-	1,935,128	-	-	-	1,935,128
Scholarship Fund/Other	-	-	-	-	15,133	15,133
Unassigned:	7,654,439	-	(475,039)	-	-	7,179,400
	<u>\$ 8,061,164</u>	<u>\$ 1,942,062</u>	<u>\$ (475,039)</u>	<u>\$ 152,001</u>	<u>\$ 15,133</u>	<u>\$ 9,695,321</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Q. Subsequent Events**

**Bond Refunding**

On August, 2021, the Council approved an order authorizing the issuance of City of Carrizo Springs Limited Tax Refunding Bonds, Series 2021 totaling \$6,440,000; entering into an escrow agreement, bond purchase agreement and a paying agent/registrar agreement; delegating to certain city administrative staff and officials the authority to approve all final terms of the bonds; and other matters related thereto. Proceeds will be utilized to pay off Series 2011, 2012, and 2014 Bond issuances. This planned refunding is projected to result in a debt service savings of \$569,838. The results are preliminary and subject to change.

**R. PRIOR PERIOD ADJUSTMENTS**

The effect of prior period adjustments is as follows:

	Governmental Activities	Water & Sewer	Business-Type Activities
Beginning Fund Balance/Net Position	\$ 9,829,846	\$ 34,497	\$ 1,767,684
Correct Utilities Revenue	(467,737)	402,877	402,877
Capital Assets & Accumulated			
Depreciation	46,540	(44,605)	(44,605)
Effect of Prior Period Adjustments	(421,197)	358,272	358,272
Beginning Fund Balance/Net Position, Restated	\$ 9,408,649	\$ 392,769	\$ 2,125,956

## **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, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 805,554	\$ 805,554	\$ 765,438	\$ (40,116)
General Sales and Use Taxes	1,200,000	1,450,000	1,668,023	218,023
Franchise Tax	250,000	250,000	223,927	(26,073)
Other Taxes	17,300	19,300	-	(19,300)
Penalty and Interest on Taxes	30,000	30,000	45,736	15,736
Licenses and Permits	18,800	25,685	23,429	(2,256)
Intergovernmental Revenue and Grants	3,500	201,872	866,186	664,314
Charges for Services	982,295	967,795	1,000,389	32,594
Fines	400,000	235,000	587,594	352,594
Investment Earnings	3,000	1,000	42	(958)
Rents and Royalties	24,300	16,000	18,061	2,061
Other Revenue	27,600	39,855	16,098	(23,757)
Total Revenues	3,762,349	4,042,061	5,214,923	1,172,862
EXPENDITURES:				
Current:				
General Government	1,201,595	1,324,513	1,072,552	251,961
Public Safety	859,092	878,980	847,745	31,235
Public Works	717,035	717,875	689,127	28,748
Health and Welfare	746,861	757,063	618,886	138,177
Culture and Recreation	259,802	221,932	175,424	46,508
Debt Service:				
Principal on Debt	50,971	50,971	50,971	-
Interest on Debt	4,303	4,303	4,302	1
Capital Outlay:				
Capital Outlay	39,000	47,558	8,558	39,000
Total Expenditures	3,878,659	4,003,195	3,467,565	535,630
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,310)	38,866	1,747,358	1,708,492
OTHER FINANCING SOURCES (USES):				
Transfers Out	(158,456)	(158,456)	-	158,456
Total Other Financing Sources (Uses)	(158,456)	(158,456)	-	158,456
Net Change	(274,766)	(119,590)	1,747,358	1,866,948
Fund Balance - October 1 (Beginning)	6,313,806	6,313,806	6,313,806	-
Fund Balance - September 30 (Ending)	\$ 6,039,040	\$ 6,194,216	\$ 8,061,164	\$ 1,866,948

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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
<b>A. Total Pension Liability</b>			
Service Cost	\$ 158,279	\$ 149,605	\$ 127,790
Interest (on the Total Pension Liability)	322,744	315,741	310,749
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	55,986	(32,690)	(29,968)
Changes of Assumptions	-	18,762	-
Benefit Payments, Including Refunds of Employee Contributions	(350,783)	(353,231)	(337,802)
Net Change in Total Pension Liability	\$ 186,226	\$ 98,187	\$ 70,769
Total Pension Liability - Beginning	4,877,650	4,779,463	4,708,694
Total Pension Liability - Ending	<u>\$ 5,063,876</u>	<u>\$ 4,877,650</u>	<u>\$ 4,779,463</u>
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 86,915	\$ 80,210	\$ 72,074
Contributions - Employee	81,587	76,251	65,533
Net Investment Income	373,870	686,654	(143,498)
Benefit Payments, Including Refunds of Employee Contributions	(350,783)	(353,231)	(337,802)
Administrative Expense	(2,425)	(3,888)	(2,777)
Other	(94)	(117)	(145)
Net Change in Plan Fiduciary Net Position	\$ 189,070	\$ 485,879	\$ (346,615)
Plan Fiduciary Net Position - Beginning	4,936,735	4,450,856	4,797,471
Plan Fiduciary Net Position - Ending	<u>\$ 5,125,805</u>	<u>\$ 4,936,735</u>	<u>\$ 4,450,856</u>
<b>C. Net Pension Liability (Asset)</b>	<u>\$ (61,929)</u>	<u>\$ (59,085)</u>	<u>\$ 328,607</u>
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	101.22%	101.21%	93.12%
<b>E. Covered Payroll</b>	\$ 1,631,738	\$ 1,525,028	\$ 1,310,665
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(3.80%)	(3.87%)	25.07%

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 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	125,988	\$	143,545	\$	185,637	\$	110,778
	307,041		300,782		300,886		300,650
	-		-		-		-
	(49,486)		(15,296)		22,269		(92,304)
	-		-		32,652		-
	(321,207)		(333,860)		(391,634)		(314,721)
\$	62,336	\$	95,171	\$	149,810	\$	4,403
	4,646,358		4,551,187		4,401,377		4,396,974
\$	4,708,694	\$	4,646,358	\$	4,551,187	\$	4,401,377
\$	66,775	\$	74,427	\$	108,698	\$	87,924
	64,083		74,145		98,848		72,949
	607,003		289,250		6,587		249,969
	(321,207)		(333,860)		(391,634)		(314,721)
	(3,149)		(3,269)		(4,013)		(2,611)
	(160)		(176)		(198)		(215)
\$	413,345	\$	100,517	\$	(181,712)	\$	93,295
	4,384,126		4,283,609		4,465,321		4,372,026
\$	4,797,471	\$	4,384,126	\$	4,283,609	\$	4,465,321
\$	(88,777)	\$	262,232	\$	267,578	\$	(63,944)
	101.89%		94.36%		94.12%		101.45%
\$	1,281,664	\$	1,482,903	\$	1,976,962	\$	1,458,988
	(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, 2021

*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, 2021

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, 2021

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. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost.

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CITY OF CARRIZO SPRINGS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	\$ 86,195	\$ 84,506	\$ 78,589
Contributions in Relation to the Actuarially Determined Contributions	86,195	84,506	78,589
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,687,006	\$ 1,593,013	\$ 1,476,434
Contributions as a Percentage of Covered Payroll	5.41%	5.30%	5.32%

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.

2018	2017	2016	2015	
\$ 88,278	\$ 68,181	\$ 94,274	\$ 100,582	
88,278	68,181	94,274	100,582	
\$ -	\$ -	\$ -	\$ -	
\$ 1,637,071	\$ 1,333,966	\$ 1,782,923	\$ 1,754,428	
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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 7,016	\$ 5,185	\$ 5,767
Interest on the Total OPEB Liability	4,274	4,568	4,190
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(3,501)	(1,200)	(3,978)
Changes of Assumptions	21,318	24,397	(7,673)
Benefit Payments*	(1,632)	(1,525)	(1,442)
Net Change in Total OPEB Liability	27,475	31,425	(3,162)
Total OPEB Liability - Beginning	152,721	121,296	124,432
Total OPEB Liability - Ending	<u>\$ 180,196</u>	<u>\$ 152,721</u>	<u>\$ 121,270</u>
<b>Covered Payroll</b>	\$ 1,631,738	\$ 1,525,028	\$ 1,476,434
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	11.04%	10.01%	8.22%

\*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.

## **OTHER SUPPLEMENTARY INFORMATION**

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## **Non Major Governmental Funds**

CITY OF CARRIZO SPRINGS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	TCDP Contract Fund	HOME Fund	Scholarship Fund	Sanitation Refuse Closure
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 902	\$ 14,231
Accounts Receivable, Net	1,500	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 902</u>	<u>\$ 14,231</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,500	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Assigned Fund Balance:				
Other Assigned Fund Balance	-	-	902	14,231
Total Fund Balances	<u>-</u>	<u>-</u>	<u>902</u>	<u>14,231</u>
Total Liabilities and Fund Balances	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 902</u>	<u>\$ 14,231</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
\$ -	\$ 15,133	\$ 15,133
-	1,500	1,500
52,620	52,620	52,620
<u>\$ 52,620</u>	<u>\$ 69,253</u>	<u>\$ 69,253</u>
\$ -	\$ 1,500	\$ 1,500
52,620	52,620	52,620
<u>52,620</u>	<u>54,120</u>	<u>54,120</u>
-	15,133	15,133
-	15,133	15,133
<u>\$ 52,620</u>	<u>\$ 69,253</u>	<u>\$ 69,253</u>

CITY OF CARRIZO SPRINGS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	TCDP Contract Fund	HOME Fund	Scholarship Fund	Sanitation Refuse Closure
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	5
Total Revenues	-	-	-	5
EXPENDITURES:				
Conservation and Development:				
Urban Development & Housing	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	5
Fund Balance - October 1 (Beginning)	-	-	902	14,226
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ 902	\$ 14,231

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
\$ 52,620	\$ 52,620	\$ 52,620
-	5	5
<u>52,620</u>	<u>52,625</u>	<u>52,625</u>
 52,620	 52,620	 52,620
<u>52,620</u>	<u>52,620</u>	<u>52,620</u>
-	5	5
-	15,128	15,128
 \$ -	 \$ 15,133	 \$ 15,133
<u>-</u>	<u>15,133</u>	<u>15,133</u>

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

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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	\$ 711,703	\$ 711,703	\$ 707,849	\$ (3,854)
Penalty and Interest on Taxes	-	-	43,648	43,648
Investment Earnings	800	800	202	(598)
Total Revenues	712,503	712,503	751,699	39,196
EXPENDITURES:				
Debt Service:				
Principal on Debt	985,000	985,000	920,000	65,000
Interest on Debt	304,089	304,089	286,126	17,963
Other Debt Service	-	-	749	(749)
Total Expenditures	1,289,089	1,289,089	1,206,875	82,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(576,586)	(576,586)	(455,176)	121,410
OTHER FINANCING SOURCES (USES):				
Transfers In	810,787	810,787	474,563	(336,224)
Transfers Out	(233,400)	(233,400)	(233,400)	-
Total Other Financing Sources (Uses)	577,387	577,387	241,163	(336,224)
Change in Fund Balance	801	801	(214,013)	(214,814)
Fund Balance - October 1 (Beginning)	(261,026)	(261,026)	(261,026)	-
Fund Balance - September 30 (Ending)	\$ (260,225)	\$ (260,225)	\$ (475,039)	\$ (214,814)

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, 2021

	Water Department	Sewer Department	Total
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 1,824,778	\$ 656,185	\$ 2,480,963
Investment Earnings	-	29	29
Other Revenue	27,057	-	27,057
Total Operating Revenues	<u>1,851,835</u>	<u>656,214</u>	<u>2,508,049</u>
<b>OPERATING EXPENSES:</b>			
Personnel Services - Salaries and Wages	363,817	117,024	480,841
Personnel Services - Employee Benefits	125,984	33,265	159,249
Purchased Professional & Technical Services	21,057	1,591	22,648
Purchased Property Services	488,683	148,674	637,357
Other Operating Costs	195,077	37,293	232,370
Supplies	64,389	13,766	78,155
Depreciation	-	458,109	458,109
Total Operating Expenses	<u>1,259,007</u>	<u>809,722</u>	<u>2,068,729</u>
Operating Income (Loss)	<u>592,828</u>	<u>(153,508)</u>	<u>439,320</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Earnings	579	-	579
Interest Expense - Nonoperating	(17,430)	(121,073)	(138,503)
Total Nonoperating Revenue (Expenses)	<u>(16,851)</u>	<u>(121,073)</u>	<u>(137,924)</u>
Income (Loss) Before Transfers	575,977	(274,581)	301,396
Nonoperating Transfers In	-	233,400	233,400
Transfers Out	-	(474,563)	(474,563)
Change in Net Position	<u>575,977</u>	<u>(515,744)</u>	<u>60,233</u>
Total Net Position - Oct 1 (Beginning)	932,159	(897,662)	34,497
Prior Period Restatement	<u>358,272</u>	<u>-</u>	<u>358,272</u>
Total Net Position - September 30 (Ending)	<u>\$ 1,866,408</u>	<u>\$ (1,413,406)</u>	<u>\$ 453,002</u>

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

## **GOVERNMENTAL AUDITING STANDARDS**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## 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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Carrizo Springs, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2022.

### **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 may exist that have not been 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 certain matters that we reported to management of the City in the Report on Conduct of Audit dated June 28, 2022.

### **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 "L. Lopez / L. Gonzalez". Below the signature is a horizontal line with a small mark at the end, possibly a date or a reference number.

June 28, 2022

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