

**Garza/Gonzalez & Associates, LLC**

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, 2024**

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CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2024

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CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2024

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CITY OF CARRIZO SPRINGS  
LIST OF ELECTED AND APPOINTED OFFICIALS

**Elected Officials**

Mayor	Oscar Puente
Mayor Pro Tem	Mario Ruiz
Councilor	Sofia Morones
Councilor	Noel Galvan
Councilor	Estanislado Martinez

**Appointed Official**

City Manager	Azalia Garcia
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## **FINANCIAL SECTION**

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# Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

In our opinion, the 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 as of September 30, 2024, and the respective changes in financial position, and where applicable cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

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

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### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Gary Gonzalez &  
Associates LLC*

May 30, 2025

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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, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,982,869 (*net position*). Of this amount, \$12,377,215 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall total net position increased by \$847,891 for the year ended September 30, 2024. Net position of governmental activities increased by \$1,088,535; and net position of the business-type activities decreased by \$240,644.
- The City's governmental funds reported combined fund balances of \$12,327,107, an increase of \$288,008 for the year ended September 30, 2024. The unassigned fund balance of the General Fund totals \$9,647,903.

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

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

#### **Notes to the Financial Statements**

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

#### **Other Information**

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



# CITY OF CARRIZO SPRINGS, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net position was \$18.0 million for the year ended September 30, 2024. Analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position were \$2.4 million and the governmental activities were \$15.6 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 (30%) 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**

	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Current and Other Assets	\$ 14,441,342	\$ 14,048,503	\$ 443,440	\$ 323,446	\$ 14,884,782	\$ 14,371,949
Capital Assets	10,616,694	9,200,341	7,728,325	8,134,509	18,345,019	17,334,850
Total Assets	25,058,036	23,248,844	8,171,765	8,457,955	33,229,801	31,706,799
Deferred Outflows of Resources	311,057	232,941	122,856	330,781	433,913	563,722
Total Deferred Outflows of Resources	311,057	232,941	122,856	330,781	433,913	563,722
Current Liabilities	1,222,323	1,236,508	442,015	419,160	1,664,338	1,655,668
Long-Term Liabilities	8,381,488	7,625,537	5,417,063	5,676,305	13,798,551	13,301,842
Total Liabilities	9,603,811	8,862,045	5,859,078	6,095,465	15,462,889	14,957,510
Deferred Inflows of Resources	144,112	87,105	73,844	90,928	217,956	178,033
Total Deferred Outflows of Resources	144,112	87,105	73,844	90,928	217,956	178,033
Net Position:						
Net Investment in Capital Assets	3,096,435	3,998,900	2,359,836	2,613,645	5,456,271	6,612,545
Restricted	149,383	-	-	-	149,383	-
Unrestricted	12,375,352	10,533,735	1,863	(11,302)	12,377,215	10,522,433
Total Net Position	\$ 15,621,170	\$ 14,532,635	\$ 2,361,699	\$ 2,602,343	\$ 17,982,869	\$ 17,134,978

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

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

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,467,703	\$ 1,716,608	\$ 2,928,138	\$ 2,973,857	\$ 4,395,841	\$ 4,690,465
Operating Grants and Contributions	-	34,219	-	-	-	34,219
General Revenues:						
Maintenance and Operations Taxes	665,202	861,044	-	-	665,202	861,044
Debt Service Taxes	1,024,971	695,302	-	-	1,024,971	695,302
Sales Taxes	1,944,614	1,995,418	-	-	1,944,614	1,995,418
Franchise Taxes	212,191	222,341	-	-	212,191	222,341
Other Taxes	631,721	799,465	-	-	631,721	799,465
Penalties and Interest	89,606	86,760	-	-	89,606	86,760
Gain on Sale of Property	-	18,244	-	-	-	18,244
Unrestricted Investment Earnings	40,114	28,715	2,367	2,627	42,481	31,342
Miscellaneous	2,503	24,229	26,369	27,021	28,872	51,250
Total Revenues	6,078,625	6,482,345	2,956,874	3,003,505	9,035,499	\$ 9,485,850
Expenses						
General Government	1,128,218	1,282,829	-	-	1,128,218	1,282,829
Public Safety	955,307	669,077	-	-	955,307	669,077
Public Works	1,170,598	1,263,744	-	-	1,170,598	1,263,744
Culture and Recreation	492,383	515,966	-	-	492,383	515,966
Health and Welfare	824,037	828,895	-	-	824,037	828,895
Interest on Long Term Debt	164,432	126,400	-	-	164,432	126,400
Bond Issuance Cost and Fees	76,485	-	-	-	76,485	-
Water & Sewer	-	-	2,595,012	2,203,189	2,595,012	2,203,189
Gas	-	-	781,136	722,078	781,136	722,078
Total Expenses	4,811,460	4,686,911	3,376,148	2,925,267	8,187,608	7,612,178
Change in Net Position Before Transfers	1,267,165	1,795,434	(419,274)	78,238	847,891	1,873,672
Transfers In (Out)	(178,630)	444,479	178,630	(444,479)	-	-
Change in Net Position	1,088,535	2,239,913	(240,644)	(366,241)	847,891	1,873,672
Net Position - Beginning	14,532,635	12,292,722	2,602,343	2,968,584	17,134,978	15,261,306
Prior Period Adjustments	-	-	-	-	-	-
Net Position Ending	\$ 15,621,170	\$ 14,532,635	\$ 2,361,699	\$ 2,602,343	\$ 17,982,869	\$ 17,134,978

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	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Expenses				
General Government	\$ 1,128,218	\$ 1,282,828	\$ -	\$ -
Public Safety	955,307	669,077	477,710	631,335
Public Works	1,170,598	1,263,744	980,093	-
Culture and Recreation	492,383	515,966	9,900	-
Health and Welfare	824,037	828,895	-	1,085,273
Bond Issuance Cost and Fees	76,485	-	-	-
Bond Interest	164,432	126,400	-	-
Total Governmental Activities	<u>\$ 4,811,460</u>	<u>\$ 4,686,910</u>	<u>\$ 1,467,703</u>	<u>\$ 1,716,608</u>
	9/30/2024	9/30/2024	9/30/2023	9/30/2023
	Revenues	%	Revenues	%
Revenue by Source				
Governmental Activities	\$ 1,467,703	25%	\$ 1,716,608	29%
Maintenance and Operations Taxes	665,202	11%	861,044	15%
Debt Service Taxes	1,024,971	17%	695,302	12%
Sales Taxes	1,944,614	33%	1,995,418	34%
Franchise Taxes	212,191	4%	222,341	4%
Other Taxes	631,721	11%	799,465	14%
Unrestricted Investment Earnings	40,114	1%	28,715	0%
Penalty and Interest	89,606	2%	86,760	1%
Miscellaneous	2,503	0%	24,229	0%
Transfers	(178,630)	-3%	444,479	8%
Gain on Sale of Property	-	0%	18,244	0%
Total Governmental Activities	<u>\$ 5,899,995</u>	<u>100.00%</u>	<u>\$ 6,892,605</u>	<u>116.82%</u>

The most significant governmental expenses for the City were in the categories of General Government, Public Safety, Public Works, and Health & Welfare, which incurred expenses of \$1,128,218; \$995,307; \$1,170,598 and \$824,037, respectively, which total \$4,118,160 or 86% of total expenditures.

**Business-Type Activities**

Revenues of the City's business-type activities were \$2.96 million for the year ended September 30, 2024. Expenses for the City's business-type activities were \$3.38 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	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Water & Sewer	\$ 2,595,012	\$ 2,203,189	\$ 2,523,468	\$ 2,510,492
Gas	781,136	722,078	404,670	463,365
Total Business-Type Activities	\$ 3,376,148	\$ 2,925,267	\$ 2,928,138	\$ 2,973,857
	9/30/2024	9/30/2024	9/30/2023	9/30/2023
	Revenues	%	Revenues	%
General Revenue by Source				
Unrestricted Investment Earnings	\$ 2,366	8%	\$ 2,627	9%
Miscellaneous Revenue	26,369	92%	27,021	91%
	\$ 28,735	100%	\$ 29,648	100%

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the year ended September 30, 2024, the City had approximately \$18.3 million invested in a broad range of capital assets, including police and fire equipment, buildings, roads, bridges, and water and sewer lines. (See Table V below.)

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

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Land	\$ 64,692	\$ 64,692	\$ 95,798	\$ 95,798	\$ 160,490	\$ 160,490
Buildings	2,073,050	2,141,366	1,061,269	1,061,269	3,134,319	3,202,635
Improvements Other than Buildings	-	-	3,385,770	3,719,355	3,385,770	3,719,355
Machinery and Equipment	2,655,054	1,259,167	238,130	203,983	2,893,184	1,463,150
Infrastructure	5,392,527	5,735,116	2,947,358	3,054,104	8,339,885	8,789,220
Construction in Progress	431,371	-	-	-	431,371	-
Total	\$ 10,616,694	\$ 9,200,341	\$ 7,728,325	\$ 8,134,509	\$ 18,345,019	\$ 17,334,850

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

**Debt**

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

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

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Bonded Debt/Tax Notes	\$ 7,575,000	\$ 6,805,000	\$ 5,339,000	\$ 5,463,000	\$ 12,914,000	\$ 12,268,000
Loans Payable	-	-	29,488	57,864	29,488	57,864
Intergovernmental Payable	267,737	367,737	-	-	267,737	367,737
Closure/Post Closure Liabilities	711,688	683,295	-	-	711,688	683,295
Compensated Absences	35,309	32,658	22,104	25,676	57,413	58,334
Total	\$ 8,589,734	\$ 7,888,690	\$ 5,390,592	\$ 5,546,540	\$ 13,980,326	\$ 13,435,230

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual expenditures for the fiscal year of \$5.3 million (excluding operating transfers) were in excess of final appropriations by \$573,061.

Actual revenues for the fiscal year were \$4,895,493, which was \$52,098 less than budgeted.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials considered many factors when setting the 2024-2025 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, 2024

	Primary Government		
	Governmental	Business -	Total
	Activities	Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,473,490	\$ 3,988,937	\$ 12,462,427
Taxes Receivable, Net	841,226	-	841,226
Accounts Receivable, Net	558,987	494,157	1,053,144
Due from Other Funds	4,366,074	(4,366,074)	-
Due from Others	11,823	13,127	24,950
Inventories	550	40,299	40,849
Restricted Investments	96,048	-	96,048
Restricted Cash	-	225,267	225,267
Capital Assets:			
Land Purchase and Improvements	64,692	95,798	160,490
Infrastructure, Net	5,392,527	2,947,358	8,339,885
Buildings, Net	2,073,050	1,061,269	3,134,319
Improvements other than Buildings, Net	-	3,385,770	3,385,770
Furniture and Equipment, Net	2,655,054	238,130	2,893,184
Construction in Progress	431,371	-	431,371
Net Pension Asset	93,144	47,727	140,871
Total Assets	25,058,036	8,171,765	33,229,801
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge for Refunding	71,289	-	71,289
Deferred Outflow Related to Pension Plan	234,725	120,272	354,997
Deferred Outflow Related to OPEB	5,043	2,584	7,627
Total Deferred Outflows of Resources	311,057	122,856	433,913
<b>LIABILITIES</b>			
Accounts Payable	156,377	133,727	290,104
Wages and Salaries Payable	52,183	29,122	81,305
Payroll Taxes and Related liabilities	18,003	27,719	45,722
Compensated Absences Payable	35,309	22,104	57,413
Intergovernmental Payable	267,737	-	267,737
Accrued Interest Payable	27,087	17,553	44,640
Unearned Revenues	665,627	-	665,627
Other Current Liabilities	-	211,790	211,790
Noncurrent Liabilities:			
Due Within One Year	1,055,000	155,488	1,210,488
Due in More Than One Year:			
Bonds Payable - Noncurrent	7,231,688	5,213,000	12,444,688
Net OPEB Liability	94,800	48,575	143,375
Total Liabilities	9,603,811	5,859,078	15,462,889
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	125,775	64,448	190,223
Deferred Inflow Related to OPEB	18,337	9,396	27,733
Total Deferred Inflows of Resources	144,112	73,844	217,956
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	3,096,435	2,359,836	5,456,271
Restricted:			
Restricted for Capital Acquisition	148,861	-	148,861
Restricted for Debt Service	522	-	522
Unrestricted	12,375,352	1,863	12,377,215
Total Net Position	\$ 15,621,170	\$ 2,361,699	\$ 17,982,869

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, 2024

		Program Revenues
	Expenses	Charges for Services
<b>Primary Government:</b>		
GOVERNMENTAL ACTIVITIES:		
General Government	\$ 1,128,218	\$ -
Public Safety	955,307	477,710
Public Works	1,170,598	980,093
Health and Welfare	824,037	-
Culture and Recreation	492,383	9,900
Interest on Debt	164,432	-
Other Debt Service	76,485	-
Total Governmental Activities	4,811,460	1,467,703
BUSINESS-TYPE ACTIVITIES:		
Water & Sewer Fund	2,595,012	2,523,468
Gas Fund	781,136	404,670
Total Business-Type Activities	3,376,148	2,928,138
TOTAL PRIMARY GOVERNMENT	\$ 8,187,608	\$ 4,395,841

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

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,128,218)	\$ -	\$ (1,128,218)
(477,597)	-	(477,597)
(190,505)	-	(190,505)
(824,037)	-	(824,037)
(482,483)	-	(482,483)
(164,432)	-	(164,432)
(76,485)	-	(76,485)
(3,343,757)	-	(3,343,757)
-	(71,544)	(71,544)
-	(376,466)	(376,466)
-	(448,010)	(448,010)
(3,343,757)	(448,010)	(3,791,767)
665,202	-	665,202
1,024,971	-	1,024,971
1,944,614	-	1,944,614
212,191	-	212,191
631,721	-	631,721
89,606	-	89,606
2,503	26,369	28,872
40,114	2,367	42,481
(178,630)	178,630	-
4,432,292	207,366	4,639,658
1,088,535	(240,644)	847,891
14,532,635	2,602,343	17,134,978
\$ 15,621,170	\$ 2,361,699	\$ 17,982,869

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## **Governmental Funds Financial Statements**

CITY OF CARRIZO SPRINGS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	General Fund	Hotel Motel Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,089,630	\$ 578,471	\$ 563,461
Taxes Receivable	543,065	-	329,251
Allowance for Uncollectible Taxes (credit)	(19,355)	-	(11,735)
Accounts Receivable, Net	504,919	13,681	38,887
Due from Other Funds	6,395,768	1,627,529	662,125
Due from Others	10,169	35	1,619
Inventories	550	-	-
Restricted Investments	96,048	-	-
Total Assets	<u>\$ 12,620,794</u>	<u>\$ 2,219,716</u>	<u>\$ 1,583,608</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 130,142	\$ 23,363	\$ 1,372
Wages and Salaries Payable	52,183	-	-
Payroll Taxes and Related liabilities	18,003	-	-
Due to Other Funds	1,560,629	41,375	1,253,157
Unearned Revenues	-	-	-
Total Liabilities	<u>1,760,957</u>	<u>64,738</u>	<u>1,254,529</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	523,710	-	317,517
Unavailable Revenue - Court Fines	287,674	-	-
Total Deferred Inflows of Resources	<u>811,384</u>	<u>-</u>	<u>317,517</u>
<b>FUND BALANCES</b>			
Inventories	550	-	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	11,562
Street Improvements	400,000	-	-
Other Assigned Fund Balance	-	2,154,978	-
Unassigned Fund Balance	9,647,903	-	-
Total Fund Balances	<u>10,048,453</u>	<u>2,154,978</u>	<u>11,562</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,620,794</u>	<u>\$ 2,219,716</u>	<u>\$ 1,583,608</u>

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



Capital Projects Fund	Other Funds	Total Governmental Funds
\$ 1,627,897	\$ 614,031	\$ 8,473,490
-	-	872,316
-	-	(31,090)
-	1,500	558,987
148,860	52,620	8,886,902
-	-	11,823
-	-	550
-	-	96,048
<u>\$ 1,776,757</u>	<u>\$ 668,151</u>	<u>\$ 18,869,026</u>
\$ -	\$ 1,500	\$ 156,377
-	-	52,183
-	-	18,003
1,613,047	52,620	4,520,828
-	665,627	665,627
<u>1,613,047</u>	<u>719,747</u>	<u>5,413,018</u>
-	-	841,227
-	-	287,674
-	-	<u>1,128,901</u>
-	-	550
163,710	-	163,710
-	-	11,562
-	-	400,000
-	15,235	2,170,213
-	(66,831)	9,581,072
<u>163,710</u>	<u>(51,596)</u>	<u>12,327,107</u>
<u>\$ 1,776,757</u>	<u>\$ 668,151</u>	<u>\$ 18,869,026</u>

CITY OF CARRIZO SPRINGS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

<b>Total Fund Balances - Governmental Funds</b>	\$	12,327,107
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,481,323 and the accumulated depreciation was (\$12,280,982). 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 (\$7,888,692), interest payable was (\$16,047), and deferred charge on refunding was \$81,353. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		1,376,955
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Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		1,413,125
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- Acquisition of capital assets of \$2,135,871.
- Change in compensated absences of (\$2,650).
- Change in landfill closure accrual of (\$28,392).
- Change in interest payable of (\$11,040).
- Change in intergovernmental payable of \$100,000.
- Principal payments on bonds of \$815,000.
- Change in deferred charge for refunding of (\$10,064).
- Issuance of tax notes in the amount of (\$1,585,000).

The net effect is to increase net position.

Included in the items related to debt is the recognition of the City's proportionate share of net pension liability required by GASB Statement No. 68. At the beginning of the year, net pension liability was (\$51,406), deferred inflows and outflows of resources related to pension were (\$48,023) and \$124,421, respectively. The impact of this to net position is an increase of \$24,992. Transactions in the current year included: a net decrease in net pension liability of \$144,550, a net (increase) in deferred inflows of resources of (\$77,752), and a net increase in deferred outflows of resources of \$110,303. The net effect is to increase net position.		202,093
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Included in the items related to debt is the recognition of the City's proportionate share of net OPEB liability required by GASB Statement No. 75. At the beginning of the year, net OPEB liability was (\$85,835), deferred inflows and outflows of resources related to pension were (\$39,082) and \$27,167, respectively. The impact of this to net position is a (decrease) of (\$97,750). Transactions in the current year included: a net (increase) in net OPEB liability of (\$8,965), a net decrease in deferred inflows of resources of \$20,745, and a net (decrease) in deferred outflows of resources of (\$22,124). The net effect is to (decrease) net position.		(108,094)
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The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(719,517)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.		1,128,901
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<b>Net Position of Governmental Activities</b>	\$	15,621,170
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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, 2024

	General Fund	Hotel Motel Fund	Debt Service Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,009,621	\$ -	\$ 646,441
General Sales and Use Taxes	1,944,614	-	-
Franchise Tax	212,191	-	-
Other Taxes	-	631,721	-
Penalty and Interest on Taxes	50,205	-	39,401
Licenses and Permits	28,086	-	-
Charges for Services	989,993	-	-
Fines	477,710	-	-
Investment Earnings	25,527	4,826	1,863
Rents and Royalties	37,290	-	-
Other Revenue	30,999	677	-
Total Revenues	<u>4,806,236</u>	<u>637,224</u>	<u>687,705</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	1,080,925	-	-
Public Safety	959,016	-	-
Public Works	864,669	-	-
Health and Welfare	685,701	-	-
Culture and Recreation	223,938	228,283	-
Debt Service:			
Principal on Debt	-	-	815,000
Interest on Debt	-	-	143,328
Other Debt Service	76,485	-	-
Capital Outlay:			
Capital Outlay	1,406,161	730,369	-
Total Expenditures	<u>5,296,895</u>	<u>958,652</u>	<u>958,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(490,659)</u>	<u>(321,428)</u>	<u>(270,623)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of Bonds	1,585,000	-	-
Transfers In	35,500	-	363,750
Transfers Out	(132,536)	(266,714)	(178,630)
Total Other Financing Sources (Uses)	<u>1,487,964</u>	<u>(266,714)</u>	<u>185,120</u>
Net Change in Fund Balances	997,305	(588,142)	(85,503)
Fund Balance - October 1 (Beginning)	<u>9,051,148</u>	<u>2,743,120</u>	<u>97,065</u>
Fund Balance - September 30 (Ending)	<u>\$ 10,048,453</u>	<u>\$ 2,154,978</u>	<u>\$ 11,562</u>

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

Capital Projects Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,656,062
-	-	1,944,614
-	-	212,191
-	-	631,721
-	-	89,606
-	-	28,086
-	-	989,993
-	-	477,710
5,692	2,206	40,114
-	-	37,290
-	-	31,676
5,692	2,206	6,139,063
-	-	1,080,925
-	-	959,016
-	43,550	908,219
-	-	685,701
-	-	452,221
-	-	815,000
-	-	143,328
-	-	76,485
-	-	2,136,530
-	43,550	7,257,425
5,692	(41,344)	(1,118,362)
-	-	1,585,000
-	-	399,250
-	-	(577,880)
-	-	1,406,370
5,692	(41,344)	288,008
158,018	(10,252)	12,039,099
\$ 163,710	\$ (51,596)	\$ 12,327,107

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, 2024

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 288,008
Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:	1,413,125
<ul style="list-style-type: none"> <li>● Acquisition of capital assets of \$2,135,871.</li> <li>● Change in compensated absences of (\$2,650).</li> <li>● Change in landfill closure accrual of (\$28,392).</li> <li>● Change in interest payable of (\$11,040).</li> <li>● Change in intergovernmental payable of \$100,000.</li> <li>● Principal payments on bonds of \$815,000.</li> <li>● Change in deferred charge for refunding of (\$10,064).</li> <li>● Issuance of tax notes in the amount of (\$1,585,000).</li> </ul>	
The net effect is an increase to the change in net position.	
Various adjustments necessary to record the City's pension liability were as follows:	177,102
<ul style="list-style-type: none"> <li>● Contributions of \$43,710 made after the measurement date of December 31, 2023 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 (\$20,962).</li> <li>● The City's proportionate share of various expenses in the net amount \$154,354 were used by TMRS to calculate the City's ending net pension liability.</li> </ul>	
The net effect is a net increase to the change in net position.	
Various adjustments necessary to record the City's OPEB liability were as follows:	(10,345)
<ul style="list-style-type: none"> <li>● Contributions of \$5,044 made after the measurement date of December 31, 2023 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 (\$11,778).</li> <li>● The City's proportionate share of various expenses in the net amount (\$3,611) were used by TMRS to calculate the City's ending net OPEB liability.</li> </ul>	
The net effect is a net (decrease) to the change in net position.	
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.	(719,517)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is a (decrease) to the change in net position.	(60,438)
<b>Change in Net Position of Governmental Activities</b>	\$ 1,088,535

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, 2024

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,834,658	\$ 154,279	\$ 3,988,937
Restricted Assets - Current:			
Restricted Cash	225,267	-	225,267
Interest Receivable - Investments	3,206	1,753	4,959
Accounts Receivable, Net	403,579	85,619	489,198
Due from Other Funds	2,543,659	1,300,263	3,843,922
Due from Others	354	12,773	13,127
Inventories	33,274	7,025	40,299
Total Current Assets	7,043,997	1,561,712	8,605,709
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	30,527	65,271	95,798
Infrastructure, net	2,101,444	845,914	2,947,358
Buildings, net	1,061,269	-	1,061,269
Improvements other than Buildings, net	3,385,770	-	3,385,770
Furniture and Equipment, net	201,788	36,342	238,130
Net Pension Asset	39,669	8,058	47,727
Total Noncurrent Assets	6,820,467	955,585	7,776,052
Total Assets	13,864,464	2,517,297	16,381,761
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	99,967	20,305	120,272
Deferred Outflow Related to OPEB	2,147	437	2,584
Total Deferred Outflows of Resources	102,114	20,742	122,856

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, 2024

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	125,014	8,713	133,727
Wages and Salaries Payable	24,231	4,891	29,122
Payroll Taxes and Related liabilities	20,521	7,198	27,719
Compensated Absences Payable	19,563	2,541	22,104
Due to Other Funds	6,856,897	1,353,099	8,209,996
Accrued Interest Payable	17,553	-	17,553
Notes Payable - Current	29,488	-	29,488
Bonds Payable - Current	126,000	-	126,000
Other Current Liabilities	174,960	36,830	211,790
Total Current Liabilities	7,394,227	1,413,272	8,807,499
Noncurrent Liabilities:			
Bonds Payable - Noncurrent	5,213,000	-	5,213,000
Net OPEB Liability	40,374	8,201	48,575
Total Noncurrent Liabilities	5,253,374	8,201	5,261,575
Total Liabilities	12,647,601	1,421,473	14,069,074
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	53,567	10,881	64,448
Deferred Inflow Related to OPEB	7,810	1,586	9,396
Total Deferred Inflows of Resources	61,377	12,467	73,844
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	1,412,310	947,526	2,359,836
Unrestricted	(154,710)	156,573	1,863
Total Net Position	\$ 1,257,600	\$ 1,104,099	\$ 2,361,699

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, 2024

	Business-Type Activities - Enterprise Funds		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 2,523,468	\$ 404,670	\$ 2,928,138
Investment Earnings	417	-	417
Other Revenue	25,952	-	25,952
Total Operating Revenues	2,549,837	404,670	2,954,507
OPERATING EXPENSES:			
Salaries and Wages	555,057	114,658	669,715
Employee Benefits	205,668	69,088	274,756
Professional & Technical Services	69,353	51,798	121,151
Property Services	899,851	214,369	1,114,220
Other Operating Expenses	218,039	114,412	332,451
Supplies	92,267	180,988	273,255
Depreciation	454,745	35,823	490,568
Total Operating Expenses	2,494,980	781,136	3,276,116
Operating Income (Loss)	54,857	(376,466)	(321,609)
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	2,025	342	2,367
Interest Expense - Nonoperating	(100,032)	-	(100,032)
Total Nonoperating Revenue (Expenses)	(98,007)	342	(97,665)
Income (Loss) Before Transfers	(43,150)	(376,124)	(419,274)
Transfers In	178,630	-	178,630
Change in Net Position	135,480	(376,124)	(240,644)
Total Net Position - October 1 (Beginning)	1,122,120	1,480,223	2,602,343
Total Net Position - September 30 (Ending)	\$ 1,257,600	\$ 1,104,099	\$ 2,361,699

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, 2024

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 2,568,103	\$ 404,670	\$ 2,972,773
Cash Payments to Employees for Services	(1,215,821)	(157,356)	(1,373,177)
Cash Payments for Suppliers	(742,877)	(480,099)	(1,222,976)
Net Cash Provided by (Used for) Operating Activities	609,405	(232,785)	376,620
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers from Other Funds	178,630	-	178,630
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(84,383)	-	(84,383)
Interest Expense on Bonds	(100,032)	-	(100,032)
Principal Paid on Capital Debt	(152,376)	-	(152,376)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(336,791)	-	(336,791)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	2,026	341	2,367
Net Increase (Decrease) in Cash and Cash Equivalents	453,270	(232,444)	220,826
Cash and Cash Equivalents at Beginning of Year	3,606,655	386,723	3,993,378
Cash and Cash Equivalents at End of Year	\$ 4,059,925	\$ 154,279	\$ 4,214,204
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ 54,857	\$ (376,466)	\$ (321,609)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	454,745	35,823	490,568
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease in Receivables	18,620	-	18,620
(Increase) in Due from Other Funds	(50,944)	(2,425)	(53,369)
Decrease in Prepaids	3,871	2,912	6,783
Increase in Accounts Payable	26,734	4,623	31,357
(Increase) in Due from Others	(354)	-	(354)
(Decrease) in Other Current Liabilities	(2,786)	(2,210)	(4,996)
Decrease in Deferred Outflow Related to Pension	109,310	86,034	195,344
Decrease in Deferred Outflow Related to OPEB	9,520	3,061	12,581
Decrease in Accrued Interest Payable	(11,496)	-	(11,496)
Increases in Wages and Salaries Payable	9,265	2,297	11,562
Increase in Due to Other Funds	98,309	78,569	176,878
(Decrease) in Compensated Absences	-	(3,572)	(3,572)
Increase (Decrease) in Net OPEB Liability	5,521	(3,351)	2,170
(Decrease) in Net Pension Liability	(72,909)	(36,127)	(109,036)
(Increase) in Net Pension Asset	(39,669)	(8,058)	(47,727)
(Decrease) in Deferred Inflow related to OPEB	(7,442)	(2,010)	(9,452)
Increase (Decrease) in Deferred Inflow Related to	4,253	(11,885)	(7,632)
Net Cash Provided by (Used for) Operating Activities	\$ 609,405	\$ (232,785)	\$ 376,620

The accompanying notes are an integral part of this statement.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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 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, 2024

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

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

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

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

The government reports the following major governmental funds:

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

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

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

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

The government reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund type:

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

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Cash Equivalents**

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

**2. Inventories**

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

**3. Receivables and Payables**

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

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

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

**4. Property Taxes**

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

**5. Fund Balance Policies**

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

Nonspendable

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

Restricted

Amounts that have been legally separated for a specific purpose; such as, grants, capital acquisition from bond proceeds and long-term debt. At September 30, 2024, restricted fund balance for capital acquisition and debt service were \$163,710 and \$11,562, respectively.

Committed

Amounts that require Council action to be used for a specific purpose; such as, construction improvements not funded by bond proceeds. Formal action by City Council, which consists of majority approval of an ordinance, to commit funds must occur prior to fiscal year end and can only be modified or removed by the same formal action. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. At September 30, 2024 the City committed \$400,000 the street improvements.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Assigned

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

Unassigned

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

6. Spending Order

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

7. Restricted/Unrestricted Resources

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

8. Estimates

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



CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**9. Compensated Absences**

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

**10. Capital Assets and Depreciation**

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

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

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

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

**11. Deferred Outflows/Inflows of Resources**

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

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

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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 function level. Appropriations in all budgeted funds lapse at year-end even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

**2. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2024, Capital Outlay in the General Fund exceeded the budget by \$1,172,569.

For the year ended September 30, 2024, principal and interest in the Debt Services Fund exceeded the budget by \$50,486.

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

The ARPA fund had a deficit fund balance of \$66,831 as of September 30, 2024.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**A. DEPOSITS AND INVESTMENTS**

The City's cash and investments as of September 30, 2024, consist of the following:

	Fair Value
Cash on Hand	\$ 4,574
Deposits with Depository Bank	12,457,853
Certificates of Deposit (Restricted)	96,048
Restricted Deposits (USDA)	225,267
Total	<u>\$ 12,783,742</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, 2024, the carrying amount of the City's deposits (including certificates of deposit) was \$12,783,742 and the bank balance was \$12,867,438. The City's depository bank has FDIC insurance and agreements with the City to collateralize deposits in excess of FDIC coverage with pledged securities.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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, 2024, the City's bank balance was \$12,867,438. 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, 2024 is as follows:

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

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

Restricted cash is also not available for operations. It is restricted for debt service payments in accordance with terms established by the USDA. The restricted cash balance at September 30, 2024 totaled \$225,267.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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	Total
Court Fines and Fees	\$ 1,150,697	\$ -	\$ -	\$ -	\$ 1,150,697
Utilities & Charges for Services	168,355	-	-	-	168,355
Other Receivables	65,399	13,681	38,887	1,500	119,467
Gross Receivables	1,384,451	13,681	38,887	1,500	1,438,519
Less: Allowance for Uncollectibles	(879,532)	-	-	-	(879,532)
Net Total Receivables	\$ 504,919	\$ 13,681	\$ 38,887	\$ 1,500	\$ 558,987

Receivables as of year-end for the proprietary funds including the applicable allowances for uncollectible accounts are as follows:

	Enterprise Funds		
	Water & Sewer	Gas	Total
Utilities & Charges for Services	\$ 453,376	\$ 95,132	\$ 548,508
Less: Allowance for Uncollectibles	(49,797)	(9,513)	(59,310)
Net Total Receivables	\$ 403,579	\$ 85,619	\$ 489,198

**C. DEFERRED INFLOWS OF RESOURCES**

At September 30, 2024, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable	\$ 543,065	\$ 329,251	\$ 872,316
Allowance for Uncollectible Taxes	(19,355)	(11,735)	(31,090)
Receivables/Unavailable Revenues – Property Taxes	523,710	317,517	841,227
Court Fines Receivable	1,150,697	-	1,150,697
Allowance for Uncollectible Fines	(863,023)	-	(863,023)
Receivables/ Unavailable Revenue – Court Fines	287,674	-	287,674
Total Unavailable Revenue	\$ 811,384	\$ 317,517	\$ 1,128,901

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**D. CAPITAL ASSETS**

Capital Assets activity for the year ended September 30, 2024, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 64,692	\$ -	\$ -	\$ 64,692
Construction in Progress	-	431,371	-	431,371
Total capital assets, not being depreciated	64,692	431,371	-	496,063
Capital assets, being depreciated:				
Building and improvements	3,977,039	-	-	3,977,039
Machinery, equipment and vehicles	6,297,898	1,704,499	-	8,002,397
Infrastructure	11,141,694	-	-	11,141,694
Total capital assets, being depreciated	21,416,631	1,704,499	-	23,121,130
Less accumulated depreciation for:				
Building and improvements	(1,835,673)	(68,316)		(1,903,989)
Machinery, equipment and vehicles	(5,038,731)	(308,612)	-	(5,347,343)
Infrastructure	(5,406,578)	(342,589)	-	(5,749,167)
Total accumulated depreciation	(12,280,982)	(719,517)	-	(13,000,499)
Total capital assets depreciated, net	9,135,649	984,982	-	10,120,631
Total capital assets, net	\$ 9,200,341	\$ 1,416,353	\$ -	\$ 10,616,694

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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	5,316,345	-	-	5,316,345
Machinery, equipment and vehicles	914,614	84,383	-	998,997
Total capital assets, being depreciated	13,695,323	84,383	-	13,779,706
Less accumulated depreciation for:				
Building and improvements	(2,683,740)	(333,585)	-	(3,017,325)
Infrastructure	(2,262,241)	(106,747)	-	(2,368,988)
Machinery, equipment and vehicles	(710,631)	(50,236)	-	(760,867)
Total accumulated depreciation	(5,656,612)	(490,568)	-	(6,147,180)
Total capital assets depreciated, net	8,038,711	(406,185)	-	7,632,526
Business-type activities capital assets, net	\$ 8,134,509	\$ (406,185)	\$ -	\$ 7,728,324

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

**Governmental Activities**

General Government	\$ 64,178
Public Safety	29,776
Public Works	401,311
Health and Welfare	172,868
Culture and Recreation	51,384
Total Governmental Activities	<u>\$ 719,517</u>

**Business-Type Activities**

Water and Sewer	\$ 454,745
Gas	35,823
Total Business-Type Activities	<u>\$ 490,568</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**E. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at September 30, 2024 are as follows:

	Due From	Due To
General Fund	\$ 6,395,768	\$ (1,560,629)
Hotel/Motel Fund	1,627,529	(41,375)
Debt Service Fund	662,125	(1,253,157)
Capital Project Fund	148,860	(1,613,047)
Other Funds	52,620	(52,620)
Water & Sewer Fund	2,543,659	(6,856,897)
Gas Fund	1,300,263	(1,353,099)
	<u>\$ 12,730,824</u>	<u>\$ (12,730,824)</u>

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, 2024 is as follows:

	General Fund	Debt Service Fund	Enterprise Fund Water & Sewer Fund	Total
Transfers out:				
General Fund	\$ 35,500	\$ 97,036	\$ -	\$ 132,536
Hotel/Motel Fund	-	266,714	-	266,714
Debt Service	-	-	178,630	178,630
	<u>\$ 35,500</u>	<u>\$ 363,750</u>	<u>\$ 178,630</u>	<u>\$ 577,880</u>

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, 2024

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

**G. LONG-TERM DEBT**

Certificates of Obligation Bonds, Revenues Bonds & Tax Notes

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

Certificates of Obligation and Tax Notes have been issued for both governmental and proprietary activities. The amounts outstanding as of September 30, 2024 are as follows.

Description	Maturity Date	Rates	Amount Outstanding September 30, 2024
<b>Governmental Activities</b>			
Series 2019 Certificates of Obligation	2/01/2034	2.69%	\$ 1,365,000
Series 2021 Limited Tax Refunding Bonds	2/01/2032	1.20%	4,630,000
Tax Notes, Series 2023	8/01/2030	4.69%	1,580,000
Total Governmental Activities			<u>\$ 7,575,000</u>
<b>Business-Type Activities – Water &amp; Sewer</b>			
Series 2015 Certificates of Obligation	2/01/2055	2.0%	5,339,000
Total Business-Type Activities			<u>\$ 5,339,000</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
2025	\$ 1,055,000	\$ 160,197	\$ 126,000	\$ 106,780
2026	970,000	137,831	129,000	104,260
2027	985,000	115,519	131,000	101,680
2028	1,015,000	92,541	133,000	99,331
2029	1,030,000	68,722	137,000	96,400
2030 – 2034	2,520,000	86,221	724,000	440,182
2035 – 2039	-	-	799,000	364,788
2040 – 2044	-	-	882,000	281,688
2045 – 2049	-	-	974,000	189,714
2050 – 2054	-	-	1,075,000	88,329
2055 – 2059	-	-	229,000	4,580
TOTALS	<u>\$ 7,575,000</u>	<u>\$ 661,031</u>	<u>\$ 5,339,000</u>	<u>\$ 1,877,732</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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, 2024:

Changes in Long-Term Debt	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Due Within One Year
<b>Governmental Activities</b>					
Bonds and Certificates of Obligation Payable					
Series 2019 Certificates of Obligation	\$ 1,495,000	\$ -	\$ (130,000)	\$ 1,365,000	\$ 140,000
Series 2021 Limited Tax Refunding Bonds	5,310,000	-	(680,000)	4,630,000	680,000
Tax Notes, Series 2023	-	1,585,000	(5,000)	1,580,000	235,000
Total Bonds Payable	<u>\$ 6,805,000</u>	<u>\$ 1,585,000</u>	<u>\$ (815,000)</u>	<u>\$ 7,575,000</u>	<u>\$ 1,055,000</u>
Accrued Post Closure Costs	683,296	28,392	-	711,688	-
Intergovernmental Payable	367,737	-	(100,000)	267,737	267,737
Compensated Absences	32,659	64,209	(61,559)	35,309	35,309
Total – Governmental Activities	<u>7,888,692</u>	<u>1,677,601</u>	<u>(976,559)</u>	<u>8,589,734</u>	<u>1,358,046</u>
<b>Business-Type Activities</b>					
Bonds and Certificates of Obligation Payable	5,463,000	-	(124,000)	5,339,000	126,000
Government Capital Loan	57,864	-	(28,376)	29,488	29,488
Compensated Absences	25,676	22,447	(26,019)	22,104	22,104
Total – Business-Type Activities	<u>5,546,540</u>	<u>22,447</u>	<u>(178,395)</u>	<u>5,390,592</u>	<u>177,592</u>
Grand Total	<u>\$ 13,435,232</u>	<u>\$ 1,700,048</u>	<u>\$ (1,154,954)</u>	<u>\$ 13,980,326</u>	<u>\$ 1,535,638</u>

**I. LOAN PAYABLE**

**Government Capital Loan**

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

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Future principal and interest payments for the years following September 30, 2024, are as follows:

	Principal	Interest
2025	\$ 29,488	\$ 1,156
	<u>\$ 29,488</u>	<u>\$ 1,156</u>

**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	\$ 760,405
Depreciation Expense	(335,213)
Other Operating Expense	<u>(657,302)</u>
Operating Loss	<u>(231,693)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	417
Interest Expenses	(100,032)
Transfers In	<u>178,630</u>
Total Non-Operating Revenues (Expenses):	<u>79,015</u>
Change in Net Assets	(153,095)
Beginning Net Assets	<u>155,754</u>
Ending Net Assets	<u>\$ 2,659</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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, 2024 is based on the landfill capacity used. Total current estimated closure and post-closure costs required to be recognized are \$711,688. Total landfill capacity used to date is estimated to be 60%. The remaining life of the landfill is estimated to be 67 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 laws or regulations.

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

**L. DEFINED BENEFIT PENSION PLANS**

**1. Plan Description**

The City of Carrizo Springs participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) 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, 2024

**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' Annual Comprehensive Financial Report (ACFR).

Employees Covered by Benefit Terms:

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

Inactive employees currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	43
Active employees	47
	<hr/>
	120

**3. Contributions**

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

Employees for the City of Carrizo Springs were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rate for the City of Carrizo Springs was 4.84% in calendar year 2023. The contribution rate for the City was 4.94% for January through September 2024. The City's contributions to TMRS for the year ended September 30, 2024 were \$89,410, and were equal to the required contributions.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 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 are based on PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for 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, 2024

**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 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
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, 2024

**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 12/31/2022	\$ 5,249,317	\$ 5,088,875	\$ 160,442
Changes for the year:			
Service Cost	183,177	-	183,176
Interest	347,944	-	347,944
Changes in Current Period Benefits	958	-	958
Difference Between Expected and Actual Experience	(16,212)	-	(16,212)
Changes of Assumptions	(61,785)	-	(61,785)
Contributions – Employer	-	82,469	(82,469)
Contributions – Employee	-	90,503	(90,503)
Net Investment Income	-	586,196	(586,196)
Benefit Payments, Including Refunds of Employee Contributions	(374,279)	(374,279)	-
Administrative Expense	-	(3,747)	3,747
Other Changes	-	(26)	26
Net Changes	79,803	(381,116)	(301,314)
Balance at 12/31/2023	\$ 5,329,120	\$ 5,469,990	\$ (140,871)

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)	\$ 462,152	\$ (140,871)	\$ (646,138)

***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, 2024

**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, 2024, the city recognized pension expense of \$93,775.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 35,505	\$ 36,667
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	253,386	153,556
Contributions subsequent to the measurement date	66,106	-
Total	<u>\$ 354,997</u>	<u>\$ 190,223</u>

The \$66,106 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2024.

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

	Year Ended September 30,
2024	\$ 17,697
2025	32,888
2026	96,620
2027	(48,537)
2028	-
Thereafter	-
Total	<u>\$ 98,668</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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, 2023 (the measurement date), the discount rate used in the development of the Total OPEB Liability was 3.77% compared to 4.05% as of December 31, 2022.

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, 2024

**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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	4
Active employees	47
	<hr/>
	73
	<hr/>

**3. Contributions**

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

For Plan year 2024, the City had a total SDB contribution rate of 0.57% and a Retiree portion of SDB contribution rate of 0.29%.

As an employer, the City's contributions to the TMRS SDBF for the years ended September 30, 2024, September 30, 2023, and September 30, 2022 were \$10,517, \$10,369, and \$7,569, 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, 2024

**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, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.60% to 11.85% (including inflation)
Discount Rate *	3.77%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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 the most recent Scale MP-2021(with immediate convergence) 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, 2023.

The actuarial assumptions used in December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

***Discount Rate***

The discount rate used to measure the Total OPEB Liability was 3.77%.

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

	Total OPEB Liability
Balance at 12/31/2022	\$ 132,240
Changes for the year:	
Service Cost	4,706
Interest on Total OPEB Liability	5,341
Change of Benefit Terms (including TMRS Plan Participant)	-
Differences Between Expected and Actual Experience	1,054
Changes in Assumptions or Other Inputs	5,465
Benefit Payments**	(5,430)
Net Changes	11,136
Balance at 12/31/2023	\$ 143,375

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

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's Total OPEB Liability	\$ 165,260	\$ 143,375	\$ 125,548

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

For the year ended September 30, 2024, the city recognized OPEB expense of \$6,086.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 6,778
Changes in actuarial assumptions	-	20,955
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	7,627	-
Total	<u>\$ 7,627</u>	<u>\$ 27,733</u>

The \$7,627 is reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability for the year ending September 30, 2024.

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

Year Ended September 30,	
2024	\$ (4,605)
2025	(10,326)
2026	(11,098)
2027	(1,989)
2028	285
Thereafter	-
Total	<u>\$ (27,733)</u>

CITY OF CARRIZO SPRINGS  
Carrizo Springs, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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	\$ 550	\$ -	\$ -	\$ -	\$ -	550
Restricted:						
Debt Service	-	-	11,562	-	-	11,562
Capital Projects	-	-	-	163,710	-	163,710
Committed:						
Street Improvements	400,000	-	-	-	-	400,000
Assigned:						
Hotel/Motel Fund	-	2,154,978	-	-	-	2,154,978
Other	-	-	-	-	15,235	15,235
Unassigned	9,647,903	-	-	-	(66,831)	9,581,072
	<u>\$ 10,048,453</u>	<u>\$ 2,154,978</u>	<u>\$ 11,562</u>	<u>\$ 163,710</u>	<u>\$ (51,596)</u>	<u>\$ 12,327,107</u>

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## **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, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (GAAP BASIS)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,050,734	\$ 1,096,734	\$ 1,009,621	\$ (87,113)
General Sales and Use Taxes	1,870,000	1,950,000	1,944,614	(5,386)
Franchise Tax	205,000	180,000	212,191	32,191
Other Taxes	18,000	19,200	-	(19,200)
Penalty and Interest on Taxes	45,000	45,000	50,205	5,205
Licenses and Permits	22,750	24,100	28,086	3,986
Intergovernmental Revenue and Grants	8,000	-	-	-
Charges for Services	971,000	962,700	989,993	27,293
Fines	585,000	515,000	477,710	(37,290)
Investment Earnings	-	11,000	25,527	14,527
Rents and Royalties	20,000	23,100	37,290	14,190
Other Revenue	25,500	31,500	30,999	(501)
Total Revenues	4,820,984	4,858,334	4,806,236	(52,098)
<b>EXPENDITURES:</b>				
Current:				
General Government	1,282,085	1,194,917	1,080,925	113,992
Public Safety	1,049,251	1,041,779	959,016	82,763
Public Works	945,769	977,095	864,669	112,426
Health and Welfare	907,475	912,978	685,701	227,277
Culture and Recreation	278,372	255,402	223,938	31,464
Debt Service:				
Other Debt Service	97,036	97,036	76,485	20,551
Capital Outlay:				
Capital Outlay	260,996	244,627	1,406,161	(1,161,534)
Total Expenditures	4,820,984	4,723,834	5,296,895	(573,061)
Excess (Deficiency) of Revenues Over Expenditures	-	134,500	(490,659)	(625,159)
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of Bonds	-	-	1,585,000	1,585,000
Transfers In	35,000	35,000	35,500	500
Transfers Out	-	-	(132,536)	(132,536)
Total Other Financing Sources (Uses)	35,000	35,000	1,487,964	1,452,964
Net Change	35,000	169,500	997,305	827,805
Fund Balance - October 1 (Beginning)	9,051,148	9,051,148	9,051,148	-
Fund Balance - September 30 (Ending)	\$ 9,086,148	\$ 9,220,648	\$ 10,048,453	\$ 827,805

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, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>A. Total Pension Liability</b>			
Service Cost	\$ 183,176	\$ 173,340	\$ 189,105
Interest (on the Total Pension Liability)	347,944	331,658	336,725
Changes of Benefit Terms	958	-	-
Difference between Expected and Actual Experience	(16,212)	88,897	(251,743)
Changes of Assumptions	(61,785)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(374,279)	(342,725)	(339,816)
Net Change in Total Pension Liability	\$ 79,802	\$ 251,170	\$ (65,729)
Total Pension Liability - Beginning	5,249,317	4,998,147	5,063,876
Total Pension Liability - Ending	\$ 5,329,119	\$ 5,249,317	\$ 4,998,147
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 82,469	\$ 100,180	\$ 97,836
Contributions - Employee	90,503	96,909	97,177
Net Investment Income	586,196	(410,694)	666,583
Benefit Payments, Including Refunds of Employee Contributions	(374,279)	(342,725)	(339,816)
Administrative Expense	(3,747)	(3,565)	(3,092)
Other	(26)	4,255	21
Net Change in Plan Fiduciary Net Position	\$ 381,116	\$ (555,640)	\$ 518,709
Plan Fiduciary Net Position - Beginning	5,088,874	5,644,514	5,125,805
Plan Fiduciary Net Position - Ending	\$ 5,469,990	\$ 5,088,874	\$ 5,644,514
<b>C. Net Pension Liability (Asset)</b>	\$ (140,871)	\$ 160,443	\$ (646,367)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	102.64%	96.94%	112.93%
<b>E. Covered Payroll</b>	\$ 1,810,052	\$ 1,790,707	\$ 1,943,530
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(7.78%)	8.96%	(33.26%)

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.

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	158,279	\$	149,605	\$	127,790	\$	125,988	\$	143,545	\$	185,637	\$	110,778
	322,744		315,741		310,749		307,041		300,782		300,886		300,650
	-		-		-		-		-		-		-
	55,986		(32,690)		(29,968)		(49,486)		(15,296)		22,269		(92,304)
	-		18,762		-		-		-		32,652		-
	(350,783)		(353,231)		(337,802)		(321,207)		(333,860)		(391,634)		(314,721)
\$	186,226	\$	98,187	\$	70,769	\$	62,336	\$	95,171	\$	149,810	\$	4,403
	4,877,650		4,779,463		4,708,694		4,646,358		4,551,187		4,401,377		4,396,974
\$	5,063,876	\$	4,877,650	\$	4,779,463	\$	4,708,694	\$	4,646,358	\$	4,551,187	\$	4,401,377
\$	86,915	\$	80,210	\$	72,074	\$	66,775	\$	74,427	\$	108,698	\$	87,924
	81,587		76,251		65,533		64,083		74,145		98,848		72,949
	373,870		686,654		(143,498)		607,003		289,250		6,587		249,969
	(350,783)		(353,231)		(337,802)		(321,207)		(333,860)		(391,634)		(314,721)
	(2,425)		(3,888)		(2,777)		(3,149)		(3,269)		(4,013)		(2,611)
	(94)		(117)		(145)		(160)		(176)		(198)		(215)
\$	189,070	\$	485,879	\$	(346,615)	\$	413,345	\$	100,517	\$	(181,712)	\$	93,295
	4,936,735		4,450,856		4,797,471		4,384,126		4,283,609		4,465,321		4,372,026
\$	5,125,805	\$	4,936,735	\$	4,450,856	\$	4,797,471	\$	4,384,126	\$	4,283,609	\$	4,465,321
\$	(61,929)	\$	(59,085)	\$	328,607	\$	(88,777)	\$	262,232	\$	267,578	\$	(63,944)
	101.22%		101.21%		93.12%		101.89%		94.36%		94.12%		101.45%
\$	1,631,738	\$	1,525,028	\$	1,310,665	\$	1,281,664	\$	1,482,903	\$	1,976,962	\$	1,458,988
	(3.80%)		(3.87%)		25.07%		(6.93%)		17.68%		13.53%		(4.38%)

CITY OF CARRIZO SPRINGS, TEXAS  
Carrizo Springs, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OPEB

For The Year Ended September 30, 2024

*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 2022, 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	11.85%
2	7.60%
3	7.10%
4	6.60%
5	6.35%
6	6.10%
7	5.85%
8	5.60%

CITY OF CARRIZO SPRINGS, TEXAS  
Carrizo Springs, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OPEB

For The Year Ended September 30, 2024

D. Individual Salary Increases (Continued)

<u>Years of Service</u>	<u>Rate (%)</u>
9	5.35%
10	5.10%
11-12	4.85%
13-15	4.60%
16-20	4.35%
21-24	4.10%
25 +	3.60%

- 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. The base table rates vary by service and length until retirement eligibility. For City of Carrizo Springs the base table is then multiplied by a factor of 111.0% 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 – 63%, 2) Police – 82%, or 3) Other – 116%.
2. The probabilities for the member's first three years of service are 22.5%, 17.5%, and 14.5%. After 3 years of service, base termination rates vary by number of years remaining until first retirement eligibility.

- 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 (which vary from Age 25 – 37.9% to Age 55 – 21.1%) for cities with a 2-to-1 match. 4% is added to the rates for 1½-to-1 cities, and 8% is added for 1-to-1 cities. For the OPEB - 6% is added to the rates for 1-1½-to-1 cities, and 12% is added for 1-to-1 cities.

C. Service Retirees and Beneficiary Mortality Rates

For calculating the actuarial and OPEB liability and the retirement and OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) 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 – PENSION AND OPEB

For The Year Ended September 30, 2024

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 MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3.0% floor.

E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the PUB(10) mortality tables, with 110% of the Public Safety table used for males and 100% General Employee table used for females. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements.

F. Methods and Assumptions

1. Valuation of Assets – The actuarial value of assets is based on the market value of assets with a ten-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The actuarial value of assets is further adjusted by 33% of any difference between the initial value and a 12% corridor around the market value of assets, if necessary. 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. 2024 SDB rate for retiree coverage is equal to 110% of the expected term cost.



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CITY OF CARRIZO SPRINGS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 89,410	\$ 89,013	\$ 93,840
Contributions in Relation to the Actuarially Determined Contributions	89,410	89,013	93,840
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,822,338	\$ 1,905,898	\$ 1,832,294
Contributions as a Percentage of Covered Payroll	4.91%	4.67%	5.12%

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.

2021	2020	2019	2018	2017	2016	2015
\$ 86,195	\$ 84,506	\$ 78,589	\$ 88,278	\$ 68,181	\$ 94,274	\$ 100,582
86,195	84,506	78,589	88,278	68,181	94,274	100,582
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,687,006	\$ 1,593,013	\$ 1,476,434	\$ 1,637,071	\$ 1,333,966	\$ 1,782,923	\$ 1,754,428
5.41%	5.30%	5.32%	5.39%	5.11%	5.29%	5.73%

CITY OF CARRIZO SPRINGS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 4,706	\$ 8,416	\$ 10,106
Interest on the Total OPEB Liability	5,341	3,543	3,653
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	1,054	(8,598)	(3,206)
Changes of Assumptions	5,465	(56,978)	5,369
Benefit Payments*	(5,430)	(5,014)	(5,248)
Net Change in Total OPEB Liability	11,136	(58,631)	10,674
Total OPEB Liability - Beginning	132,239	190,870	180,196
Total OPEB Liability - Ending	\$ 143,375	\$ 132,239	\$ 190,870
<b>Covered Payroll</b>	\$ 1,810,052	\$ 1,790,707	\$ 1,943,530
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.92%	7.38%	9.82%

\*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.

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
\$	7,016	\$	5,185	\$	5,767	\$	-
	4,274		4,568		4,190		-
	-		-		-		-
	(3,501)		(1,200)		(3,978)		-
	21,318		24,397		(7,673)		-
	(1,632)		(1,525)		(1,442)		-
	27,475		31,425		(3,136)		-
	152,721		121,296		124,432		-
\$	180,196	\$	152,721	\$	121,296	\$	-
\$	1,631,738	\$	1,525,028	\$	1,476,434	\$	-
	11.04%		10.01%		8.22%		-

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## **OTHER SUPPLEMENTARY INFORMATION**

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## **Non Major Governmental Funds**

CITY OF CARRIZO SPRINGS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	ARPA Program Fund	Scholarship Fund	Sanitation Refuse Closure	CDBG Planning Grant
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 598,796	\$ 902	\$ 14,333	\$ -
Accounts Receivable, Net	1,500	-	-	-
Due from Other Funds	-	-	-	52,620
Total Assets	<u>\$ 600,296</u>	<u>\$ 902</u>	<u>\$ 14,333</u>	<u>\$ 52,620</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,500	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	52,620
Unearned Revenues	665,627	-	-	-
Total Liabilities	<u>667,127</u>	<u>-</u>	<u>-</u>	<u>52,620</u>
<b>FUND BALANCES</b>				
Assigned Fund Balance:				
Other Assigned Fund Balance	-	902	14,333	-
Unassigned Fund Balance	(66,831)	-	-	-
Total Fund Balances	<u>(66,831)</u>	<u>902</u>	<u>14,333</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 600,296</u>	<u>\$ 902</u>	<u>\$ 14,333</u>	<u>\$ 52,620</u>

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

Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 614,031	\$ 614,031
1,500	1,500
52,620	52,620
<u>\$ 668,151</u>	<u>\$ 668,151</u>
\$ 1,500	\$ 1,500
52,620	52,620
665,627	665,627
<u>719,747</u>	<u>719,747</u>
15,235	15,235
(66,831)	(66,831)
<u>(51,596)</u>	<u>(51,596)</u>
<u>\$ 668,151</u>	<u>\$ 668,151</u>

CITY OF CARRIZO SPRINGS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	ARPA Program Fund	Scholarship Fund	Sanitation Refuse Closure	CDBG Planning Grant
REVENUES:				
Investment Earnings	\$ 2,157	\$ -	\$ 49	\$ -
Total Revenues	<u>2,157</u>	<u>-</u>	<u>49</u>	<u>-</u>
EXPENDITURES:				
Public Works	<u>43,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>43,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(41,393)	-	49	-
Fund Balance - October 1 (Beginning)	<u>(25,438)</u>	<u>902</u>	<u>14,284</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ (66,831)</u>	<u>\$ 902</u>	<u>\$ 14,333</u>	<u>\$ -</u>

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

Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 2,206	\$ 2,206
2,206	2,206
43,550	43,550
43,550	43,550
(41,344)	(41,344)
(10,252)	(10,252)
\$ (51,596)	\$ (51,596)

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

CITY OF CARRIZO SPRINGS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 698,836	\$ 698,834	\$ 646,441	\$ (52,393)
Penalty and Interest on Taxes	33,000	33,000	39,401	6,401
Investment Earnings	-	-	1,863	1,863
Total Revenues	731,836	731,834	687,705	(44,129)
EXPENDITURES:				
Debt Service:				
Principal on Debt	810,000	810,000	815,000	(5,000)
Interest on Debt	97,842	97,842	143,328	(45,486)
Total Expenditures	907,842	907,842	958,328	(50,486)
Excess (Deficiency) of Revenues Over Expenditures	(176,006)	(176,008)	(270,623)	(94,615)
OTHER FINANCING SOURCES (USES):				
Transfers In	532,685	532,685	363,750	(168,935)
Transfers Out	(257,679)	(258,679)	(178,630)	80,049
Total Other Financing Sources (Uses)	275,006	274,006	185,120	(88,886)
Change in Fund Balance	99,000	97,998	(85,503)	(183,501)
Fund Balance - October 1 (Beginning)	97,065	97,065	97,065	-
Fund Balance - September 30 (Ending)	\$ 196,065	\$ 195,063	\$ 11,562	\$ (183,501)

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, 2024

	Water Department	Sewer Department	Total
OPERATING REVENUES:			
Charges for Services	\$ 1,763,063	\$ 760,405	\$ 2,523,468
Investment Earnings	-	417	417
Other Revenue	25,952	-	25,952.00
Total Operating Revenues	1,789,015	760,822	2,549,837
OPERATING EXPENSES:			
Personnel Services - Salaries and Wages	403,451	151,606	555,057
Personnel Services - Employee Benefits	157,399	48,269	205,668
Purchased Professional & Technical Services	31,582	37,771	69,353
Purchased Property Services	563,701	336,150	899,851
Other Operating Costs	156,573	61,466	218,039
Supplies	70,227	22,040	92,267
Depreciation	119,532	335,213	454,745
Total Operating Expenses	1,502,465	992,515	2,494,980
Operating Income (Loss)	286,550	(231,693)	54,857
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	2,025	-	2,025
Other Nonoperating Revenues	-	-	-
Interest Expense - Nonoperating	-	(100,032)	(100,032)
Total Nonoperating Revenue (Expenses)	2,025	(100,032)	(98,007)
Income (Loss) Before Transfers	288,575	(331,725)	(43,150)
Nonoperating Transfers In	-	178,630	178,630
Transfers Out	-	-	-
Change in Net Position	288,575	(153,095)	135,480
Total Net Position - Oct 1 (Beginning)	966,365	155,754	1,122,120
Total Net Position - September 30 (Ending)	\$ 1,254,940	\$ 2,659	\$ 1,257,600

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# **GOVERNMENTAL AUDITING STANDARDS**

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# Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Carrizo Springs, Texas (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2025.

### **Report on Internal Control over Financial Reporting**

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

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

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

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## **Report on Compliance and Other Matters**

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

We noted other matters that were reported to management in a separate report dated May 30, 2025.

## **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.

*Gary Gonzalez &  
Associates LLC*

May 30, 2025

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