CITY OF EAGLE LAKE, TEXAS

Annual Financial Report

For the Year Ended September 30, 2023

CITY OF EAGLE LAKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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INTERNAL CONTROL AND COMPLIANCE

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INTRODUCTORY SECTION

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Timothy L Kelley, Mayor
Amy Maxwell, Mayor Pro-Tem
René Cooper, Councilmember
Larry Contreras, Councilmember
Jim Wood, Councilmember
Chris Parker, Councilmember

Charles Jackson, City Manager
Lina Ferguson, City Secretary
Donald T Chaney, Chief of Police
Victor Shimek, Public Works
Stan Warfield, Municipal Court Judge
Francisco Rodriguez, Code Official
Angie Jackson, Budget Officer

P.O. Box 38, Eagle Lake, Texas 77434 ~ (979) 234-2640

March 7, 2024

To the Honorable Mayor, Members of the City Council, and Citizens
of the City of Eagle Lake, Texas

State law requires that the City of Eagle Lake publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Eagle Lake for the fiscal year ended September 30, 2023.

This report consists of management's representation concerning the finances of the City of Eagle Lake. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report.

Management of the City of Eagle Lake has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the City of Eagle Lake's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Eagle Lake's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City of Eagle Lake's financial statements have been audited by Trlicek & Co., P.C., Certified Public Accountants. The independent auditor has issued an unqualified ("clean") opinion on the City of Eagle Lake's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Eagle Lake's MD&A can be found immediately following the independent auditor's report.

Profile of the City

The City of Eagle Lake, incorporated in 1888, is located in the southeastern part of the state. The City currently has a land area of 2.65 square miles and a population of 3,777. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

Policy making and legislative authority are vested in the City Council, which consists of a mayor and five council members. The council is elected at large on a non-partisan basis to two-year staggered terms. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City's manager. The city manager is responsible for carrying out the policies and the ordinances of the City Council, for overseeing the day-to-day operations of the City, and, with the advice of the City Council, appointing and removing all department heads.

The annual budget serves as the foundation for the City of Eagle Lake's financial planning and control. The budget is prepared by fund, function, and department. The city manager is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Local economy

The City's region has an economic base that includes agriculture/agribusiness (mostly rice), gravel mining, materials transporting, retail and wholesale trade, and selected services. Local indicators point to continued economic stability. The region (which includes the City, two other incorporated cities and the unincorporated area within the county) has an unemployment rate of 4.1% compared to the state's average rate of 4.2% and the national average of 3.6%. The region has an employed labor force of approximately 9,907.

Long-term financing

The City currently has one outstanding certificate of obligation issue:

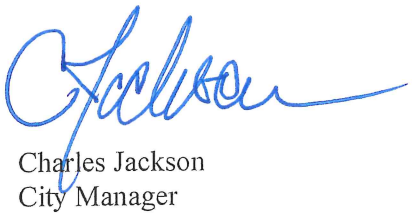
During fiscal year ended September 30, 2012, the City issued $2,005,000 Limited Tax Refunding Bonds, Series 2012 for the refunding of the Series 1993, 1997 and 2003 Certificates of Obligation Bonds. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a reduction of $190,987 in future debt service payments. The bonds have an interest rate of 2.17% and maturity of March 1, 2023. Interest is payable semiannually on March 1 and September 1. The bonds were paid off on March 1, 2023.

During fiscal year ended September 30, 2023, the City issued $2,880,000 Certificates of Obligation, Series 2023 for the construction of improvements to City streets, roads and related infrastructure. It can also be used for costs of professional services incurred in connection therewith and costs of issuing the certificates. The certificates have an interest rate of 3.93% and maturity of March 1, 2043. Interest is payable semiannually on March 1 and September 1. The outstanding balance at September 30, 2023 was $2,880,000.

Acknowledgements

All members of the administration are to be commended for their contribution to the preparation of this report.

Respectfully submitted,



Charles Jackson
City Manager

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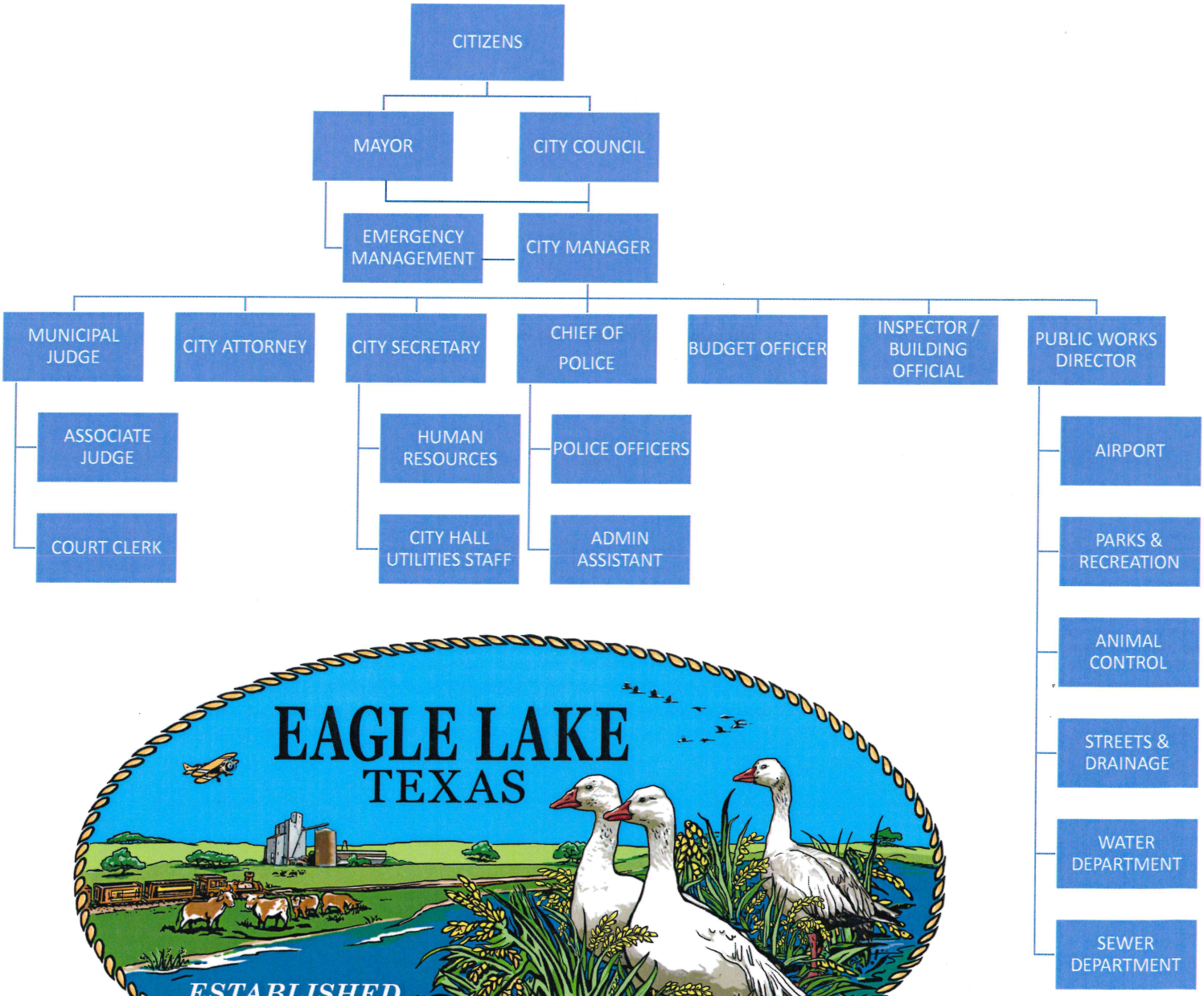
CITY OF EAGLE LAKE
ORGANIZATIONAL CHART



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CITY OF EAGLE LAKE, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2023

Title	Name
Elected Officials	
Mayor	Timothy L. Kelley
Councilmember	Amy Maxwell (1)
Councilmember	Rene' Cooper
Councilmember	Larry Contreras
Councilmember	Chris Parker
Councilmember	Jim Wood
Appointed Officials	
City Administrator	Charles Jackson
City Secretary	Lina Ferguson
Budget Officer	Angie Jackson
Chief of Police	Donald Chaney
Public Works Director	Victor Shimek
Fire Chief	Darrell Stancik
Municipal Judge	Stan Warfield
City Attorney	Art Pertile, III
Fire Marshall	Todd Mascheck
Code Enforcement Officer	Antonio Rodriguez

(1) Mayor Pro-tem

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FINANCIAL SECTION

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TRLICEK & CO., P.C.
Certified Public Accountants
113 W. Colorado St.
P.O. Box 817
La Grange, TX 78945
(979) 533-0925

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Eagle Lake, Texas

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Tolleh + Co., P.C.

La Grange, Texas
March 7, 2024

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CITY OF EAGLE LAKE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

As management of the City of Eagle Lake, we offer readers of the City of Eagle Lake's financial statements this narrative overview and analysis of the financial activities of the City of Eagle Lake for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

Financial Highlights

- The assets of the City of Eagle Lake exceeded its liabilities at the close of the most recent fiscal year by $10,350,077 (net position). Of this amount, $4,235,830 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $625,970. Net position of governmental activities increased $224,409 while business-type activities increased $401,561. These changes are discussed further on the following pages.
- As of the close of the current fiscal year, the City of Eagle Lake's governmental funds reported combined ending fund balances of $5,812,251, an increase of $2,175,884 in comparison with the prior year. Approximately 36% of this total amount, $2,102,682, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $1,643,005 or 53% of total general fund expenditures.
- The City of Eagle Lake's prior year total debt of $190,000 was paid off during the current fiscal year. However, the City issued $2,880,000 Certificates of Obligation, Series 2023 for the construction of improvements to City streets, roads and related infrastructure.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Eagle Lake's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Eagle Lake's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Eagle Lake 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 changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Eagle Lake that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City of Eagle Lake include general government, public safety (police and fire), streets and drainage, economic development, airport and parks and recreation. The business-type activities of the City of Eagle Lake include utility services of water, sewer and garbage.

The government-wide financial statements include only the City of Eagle Lake. The City of Eagle Lake has no component units.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eagle Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on *near-term inflow and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.*

The City of Eagle Lake maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, contingency special revenue fund, debt service fund and a capital project fund, each of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

Proprietary funds. The City of Eagle Lake maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Eagle Lake uses enterprise funds to account for its utility services of water, sewer and garbage and a dormant gas service activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for both the aforementioned utility services. The Utility fund is considered to be a major fund of the City of Eagle Lake.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

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 to the financial statements can be found on pages 28-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* concerning the City of Eagle Lake's progress in funding its obligation to provide pension benefits to its employees. Schedules comparing actual results with the original budget and the final amended budget for the City's General Fund and its Contingency Special Revenue Fund (a major fund) are also presented in the RSI section. RSI can be found on pages 48-54 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary. Combining and individual fund statements and schedules can be found on pages 55-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the City of Eagle Lake's case, assets exceeded liabilities by $10,350,077 at the close of the most recent fiscal year.

As shown in Table 1, by far the largest portion of the City of Eagle Lake's net position (36%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The City of Eagle Lake uses these capital assets to provide services to citizens; consequently, those assets are *not* available for future spending.

Although the City of Eagle Lake'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 cannot be used to liquidate these liabilities.

Condensed Statement of Net Position **Table 1**
September 30, 2023

	Governmental activities		Business-type activities		Total	
ASSETS	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$6,125,893	$3,869,052	$2,524,872	$2,309,516	$ 8,650,765	$6,178,568
Capital assets	2,896,707	2,004,242	2,237,330	2,091,960	5,134,037	4,096,202
Deferred outflows	457,068	374,957	-	-	457,068	374,957
Total assets	9,479,668	6,248,251	4,762,202	4,401,476	14,241,870	10,649,727
LIABILITIES						
Current and other liabilities	114,551	34,978	162,601	197,173	277,152	232,151
Long-term liabilities	3,558,936	323,777	22,363	28,626	3,581,299	352,403
Deferred inflows	33,342	341,066	-	-	33,342	341,066
Total liabilities	3,706,829	699,821	184,964	225,799	3,891,793	925,620
NET POSITION						
Net Investment in Capital Assets	16,707	1,814,242	2,237,330	2,091,960	2,254,037	3,906,202
Restricted	3,709,369	1,372,826	150,841	171,172	3,860,210	1,543,998
Unrestricted	2,046,763	2,361,362	2,189,067	1,912,545	4,235,830	4,273,907
Total net position	$5,772,839	$5,548,430	$4,577,238	$4,175,677	$ 10,350,077	$9,724,107

An additional portion of the City of Eagle Lake's net position (15.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* $4,235,830 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Eagle Lake is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by $625,970 during the current fiscal year. This increase was the result of an increase from governmental activities of $224,409 and a increase of $401,561 from business-type activities. These changes are addressed in the following pages.

Governmental activities. Governmental activities increased the City's net position by $224,409, as reflected below in Table 2 (after transfers in). Before transfers in, net position decreased by $424,121.

Condensed Statement of Activities **Table 2**
September 30, 2023

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	$ -	$ -	$ 2,351,843	$ 2,110,844	$ 2,351,843	$ 2,110,844
Operating grants and contributions	29,823	958,412	284,779	44,842	314,602	1,003,254
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	728,837	938,150	-	-	728,837	938,150
Other non-property taxes	303,715	323,487	-	-	303,715	323,487
Sales taxes	415,972	395,739	-	-	415,972	395,739
Other revenues	266,514	320,215	50,490	6,387	317,004	326,602
Total revenues	1,744,861	2,936,003	2,687,112	2,162,073	4,431,973	5,098,076
Expenses						-
General government	213,351	426,524	-	-	213,351	426,524
Public safety	1,171,238	907,187	-	-	1,171,238	907,187
Streets	262,386	348,063	-	-	262,386	348,063
Airport	274,620	115,486	-	-	274,620	115,486
Parks and recreation	245,326	211,188	-	-	245,326	211,188
Interest on long-term debt	2,061	6,185	-	-	2,061	6,185
Water	-	-	867,302	691,586	867,302	691,586
Sewer	-	-	410,143	675,787	410,143	675,787
Garbage			359,576	361,078	359,576	361,078
Amortization expense	-	-	-	-	-	-
Total expenses	2,168,982	2,014,633	1,637,021	1,728,451	3,806,003	3,743,084
Excess (deficiency) of revenues over expenses before transfers	(424,121)	921,370	1,050,091	433,622	625,970	1,354,992
Transfers in (out)	648,530	495,924	(648,530)	(495,924)	-	-
Increase (decrease) in net assets	224,409	1,417,294	401,561	(62,302)	625,970	1,354,992
Net Position - October 1 (Beginning)	5,548,430	4,131,136	4,175,677	4,237,979	9,724,107	8,369,115
Net Position - September 30 (Ending)	$ 5,772,839	$ 5,548,430	$ 4,577,238	$ 4,175,677	$10,350,077	$ 9,724,107

Business-type activities. Business-type activities increased the City's net position by $401,561 (after transfers). Before transfers, business-type activities increased the City's net position by $1,050,091.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5,812,251 an increase of $2,175,884 from the prior year. $2,102,682 of ending fund balance constitutes unassigned, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to debt service $139,348 or for a variety of other restricted purposes $3,570,221.

The general fund is the chief operating fund of the City of Eagle Lake. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,643,005 while total fund balance reached $2,257,091. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53% of total general fund expenditures, while total fund balance represents 73% of that same amount.

The fund balance of the City of Eagle Lake's general fund decreased by $690,718 during the current fiscal year. Revenues have remained relatively constant for the last ten years. Revenues decreased from the prior year due to less grant monies received while expenditures increased due to spending the grant monies from the prior year.

The debt service fund has a total fund balance of $139,348, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $6,427.

Proprietary funds. The City of Eagle Lake's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for the Utility Fund at the end of the year amounted to $2,189,067. Net position for the Utility Fund reflected an increase of $799,101 before transfers of $700,530. Factors concerning the finances of the Utility fund have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Eagle Lake's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to $5,134,037 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system, improvements, machinery and equipment, park facilities, and streets. The total decrease in the City's investment in capital assets for the current fiscal year was 1.39% (a 3.37% increase for governmental activities and a 5.56% decrease for business-type activities).

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

Capital Assets
(net of depreciation) **Table 3**

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 653,894	$ 653,894	$ 8,315	$ 8,315	$ 662,209	$ 662,209
Buildings	570,766	616,806	-	-	570,766	616,806
Improvements	1,378,746	568,157	1,901,879	1,835,681	3,280,625	2,403,838
Machinery and equipment	159,576	52,634	282,135	184,325	441,711	236,959
Vehicles	133,725	112,751	45,001	63,640	178,726	176,391
Total	$ 2,896,707	$2,004,242	$2,237,330	$2,091,961	$ 5,134,037	$4,096,203

Additional information on the City of Eagle Lake's capital assets can be found in Note II Section C on page 34 of this report.

Long-term debt. At the end of the current fiscal year, the City of Eagle Lake had total bonded debt outstanding of $2,880,000. The City paid off the prior year debt of $190,000 from the 2012 Limited Tax Refunding Bonds. However, the City issued $2,880,000 Certificates of Obligation, Series 2023 in the current fiscal year.

Outstanding Debt
Certificates of Obligation **Table 4**

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
2012 Limited Tax Refunding Bonds	$ -	$ 190,000	$ -	$ -	$ -	$ 190,000
Certificates of Obligation, Series 2023	2,880,000	-	-	-	2,880,000	-
Total	$2,880,000	$ 190,000	$ -	$ -	$2,880,000	$ 190,000

The bonds have an interest rate of 3.93% and maturity of March 1, 2043. Interest is payable semiannually on March 1 and September 1.

Additional information on the City of Eagle Lake's long-term debt can be found in Note II Section G on pages 36-37 of this report.

Economic Factors and Next Year's Budget

- The unemployment rate for Colorado County is currently 4.1% (Eagle Lake is the second largest of the three incorporated cities in the county). This compares favorably to the state's average unemployment rate of 4.2% and national average rate of 3.6%.
- Inflationary trends in the region compare favorably to national indices.
- Property tax values continue to climb in Colorado County and the region in general. Ad valorem tax revenues make up the largest component of the City's governmental revenue (31%).
- Fuel costs have increased in all City departments, and in particular, departments which require heavy use of vehicles such as the Police Department and the Garbage Department.
- The City is not immune to the trend of rising health insurance costs in the Country.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

The General Fund budget for 2024 includes transfers in (from the Utility Fund) to help it meet its proposed expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Eagle Lake's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Eagle Lake, Texas, P.O. Box 38, Eagle Lake, Texas 77434.

BASIC FINANCIAL STATEMENTS

City of Eagle Lake, Texas
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 1,611,025	$ 281,116	$ 1,892,141
Investments-Current	-	2,272,703	2,272,703
Receivables (net, where applicable of allowance for uncollectible)	276,680	326,867	603,547
Internal Balances	769,268	(769,268)	-
Inventories	-	102,773	102,773
Temporarily Restricted Assets:			
Restricted Assets-Cash	3,468,920	310,681	3,779,601
Capital Assets Not Being Depreciated	653,894	8,315	662,209
Capital Assets Net of Accumulated Depreciation	2,242,813	2,229,015	4,471,828
Total Assets	$ 9,022,600	$ 4,762,202	$ 13,784,802
DEFERRED OUTFLOW OF RESOURCES			
Net Pension Asset	$ -	$ -	$ -
Deferred Outflow Related to Pensions	449,785		
Deferred Outflow Related to OPEB	7,283	-	7,283
Total Deferred Outflow of Resources	$ 457,068	$ -	$ 7,283
LIABILITIES			
Accounts Payable	$ 34,436	$ 2,761	$ 37,197
Retainage Payable	78,920	-	78,920
Matured Bonds and Coupons Payable	1,195	-	1,195
Payable From Restricted Assets	-	159,840	159,840
Noncurrent Liabilities:			
Certificates of Obligation Payable	2,825,000	-	2,825,000
Capitalized Lease Payable	101,298	-	101,298
Compensated Absences	27,831	22,363	50,194
Net Pension Liability	462,470	-	462,470
Other Post-Employment Benefits Liability	87,337	-	87,337
Due Within One Year	55,000	-	55,000
Total Liabilities	3,673,487	184,964	3,858,451
DEFERRED INFLOW OF RESOURCES			
Deferred Inflow Related to Pensions	$ 16,987	$ -	$ 16,987
Deferred Inflow Related to OPEB	16,355	-	16,355
Total Deferred Inflow of Resources	33,342	-	33,342
NET POSITION			
Net Investment in Capital Assets	16,707	2,237,330	2,254,037
Restricted For:			
Retirement of Long-Term Debt	139,348	-	139,348
Law Enforcement	18,353	-	18,353
Capital Projects	3,140,710	150,841	3,291,551
Construction	58,108	-	58,108
American Rescue Plan	152,353	-	152,353
Fire Department	117,420	-	117,420
Other	83,077	-	83,077
Unrestricted	2,046,763	2,189,067	4,235,830
Total Net Position	$ 5,772,839	$ 4,577,238	$ 10,350,077

The accompanying notes are an integral part of the financial statements.

City of Eagle Lake, Texas
Statement of Activities
For the Year Ended September 30, 2023

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental Activities:							
General Government	$ 213,351	$ -	$ 13,823	$ -	$ (199,528)	$ -	$ (199,528)
Police	1,035,425	-	-	-	(1,035,425)	-	(1,035,425)
Fire	135,813	-	16,000	-	(119,813)	-	(119,813)
Streets	262,386	-	-	-	(262,386)	-	(262,386)
Airport	274,620	-	-	-	(274,620)	-	(274,620)
Parks and Recreation	245,326	-	-	-	(245,326)	-	(245,326)
Interest on Long-Term Debt	2,061	-	-	-	(2,061)	-	(2,061)
Total Governmental Activities	2,168,982	-	29,823	-	(2,139,159)	-	(2,139,159)
Business-Type Activities							
Water	867,302	917,161	284,779	-	-	334,638	334,638
Sewer	410,143	1,019,872	-	-	-	609,729	609,729
Garbage	359,576	414,810	-	-	-	55,234	55,234
Total Business-Type Activities	1,637,021	2,351,843	284,779	-	-	999,601	999,601
Total Primary Government	$ 3,806,003	$ 2,351,843	$ 314,602	$ -	(2,139,159)	999,601	(1,139,558)
General Revenues:							
Property Taxes					728,837	-	728,837
Other Non-Property Taxes					303,715	-	303,715
Sales Taxes					415,972	-	415,972
Miscellaneous					266,514	-	266,514
Unrestricted Investment Earnings					-	50,490	50,490
Transfers					648,530	(648,530)	-
Total General Revenues and Transfers					2,363,568	(598,040)	1,765,528
Change in Net Assets					224,409	401,561	625,970
Net Position - Beginning (as restated)					5,548,430	4,175,677	9,724,107
Net Position - Ending					$ 5,772,839	$ 4,577,238	$ 10,350,077

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General	Special Revenue Contingency	Debt Service
ASSETS			
Cash and Cash Equivalents	$ 1,019,229	$ 287,399	$ 139,032
Cash - Restricted	520,151	-	-
Receivables (Net of Allowance for Uncollectibles)	225,098	-	51,582
Due From Other Funds	755,139	-	-
Total Assets	$ 2,519,617	$ 287,399	$ 190,614
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	34,586	-	-
Retainage Payable	78,920	-	-
Due to Other Funds	-	-	-
Matured Bonds and Coupons	-	-	1,195
Deferred Revenues	149,020	-	50,071
Total Liabilities	262,526	-	51,266
Fund Balances:			
Restricted Fund Balances:			
Retirement of Long-Term Debt	-	-	139,348
Construction	58,108	-	-
Law Enforcement	10,987	-	-
Capital Projects	191,941	-	-
American Rescue Plan	152,553	-	-
Fire Department	117,420	-	-
Other	83,077	-	-
Unassigned	1,643,005	287,399	-
Total Fund Balances	2,257,091	287,399	139,348
Total Liabilities and Fund Balances	$ 2,519,617	$ 287,399	$ 190,614

The accompanying notes are an integral part of the financial statements.

Capital Project	Other Governmental	Total Governmental Funds
$ -	$ 165,365	$ 1,611,025
2,948,769	-	3,468,920
-	-	276,680
-	14,854	769,993
$ 2,948,769	$ 180,219	$ 6,126,618
-	-	34,586
-	-	78,920
-	575	575
-	-	1,195
-	-	199,091
-	575	314,367
-	-	139,348
-	-	58,108
-	7,366	18,353
2,948,769	-	3,140,710
-	-	152,553
-	-	117,420
-	-	83,077
-	172,278	2,102,682
2,948,769	179,644	5,812,251
$ 2,948,769	$ 180,219	$ 6,126,618

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CITY OF EAGLE LAKE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	$ 5,812,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	2,896,707
Deferred property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	199,091
Recognition of the City's proportionate share of the net pension liability is not reported in governmental funds.	(462,470)
Recognition of the City's proportionate share of the OPEB liability is not reported in governmental funds.	(87,337)
Long-term liabilities, are not due and payable in the current period and, therefore, not reported in the funds.	
Certificates of Obligation, Series 2023	(2,880,000)
Capitalized leases	(101,298)
Compensated absences	(27,831)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	449,785
Deferred outflows of resources related to OPEB	7,283
Deferred inflows of resources related to pensions	(16,987)
Deferred inflows of resources related to OPEB	(16,355)
Net Position of Governmental Activities	$ 5,772,839

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General	Special Revenue Contingency	Debt Service
REVENUES:			
Ad Valorem Taxes	$ 727,453	$ -	$ 198,488
Non-Property Taxes	719,687	-	-
Licenses and Permits	60,882	-	-
Fines and Forfeitures	89,768	-	-
Use of Property	37,867	-	-
Miscellaneous Revenue	77,997	5,500	-
Grant Revenue	13,823	-	-
Intergovernmental Revenue	16,000	-	-
Total Revenues	1,743,477	5,500	198,488
EXPENDITURES:			
Current:			
Administrative and General	709,380	-	-
Police Department	1,010,454	-	-
Fire Department	106,684	-	-
Streets and Drainage	196,201	-	-
Parks and Recreation	204,260	-	-
Debt Service:			
Principal	-	-	190,000
Interest	-	-	2,061
Capital Outlay	865,246	116,406	-
Total Expenditures	3,092,225	116,406	192,061
Excess (Deficiency) of Revenues over (under) Expenditures	(1,348,748)	(110,906)	6,427
OTHER FINANCING SOURCES (USES):			
Bond Proceeds	-	-	-
Capitalized Leases	-	-	-
Transfers In (Out)	658,030	6,000	-
Total Other Financing Sources (Uses)	658,030	6,000	-
Net Change	(690,718)	(104,906)	6,427
Fund Balance - October 1 (Beginning)	2,947,809	392,305	132,921
Fund Balance - September 30 (Ending)	$ 2,257,091	$ 287,399	$ 139,348

The accompanying notes are an integral part of the financial statements.

Capital Project	Other Governmental	Total Governmental Funds
$ -	$ -	$ 925,941
-	-	719,687
-	-	60,882
-	-	89,768
-	91,390	129,257
164,391	20,536	268,424
-	-	13,823
-	-	16,000
164,391	111,926	2,223,782
95,622	40,150	845,152
-	-	1,010,454
-	-	106,684
-	-	196,201
-	-	204,260
-	29,881	219,881
-	-	2,061
-	141,262	1,122,914
95,622	211,293	3,707,607
68,769	(99,367)	(1,483,825)
2,880,000	-	2,880,000
-	131,179	131,179
-	(15,500)	648,530
2,880,000	115,679	3,659,709
2,948,769	16,312	2,175,884
-	163,332	3,636,367
$ 2,948,769	$ 179,644	$ 5,812,251

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CITY OF EAGLE LAKE, TEXAS

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

Total Net Change in Fund Balances - Governmental Funds	$ 2,175,884
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	1,122,914
Depreciation	(230,449)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred Tax Revenue	1,384
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal Payments on Certificates of Obligation	190,000
Principal Payments on Capitalized Leases	29,881
Proceeds from Certificates of Obligation	(2,880,000)
Capitalize Lease	(131,179)
Recognition of the City's proportionate share of the net pension expense is not reported in governmental funds.	(43,026)
Recognition of the City's proportionate share of the net OPEB expense is not reported in governmental funds.	1,257
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated Absences	(12,257)
Change in Net Position of Governmental Activities	$ 224,409

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities -	
	Utility Fund	Community Development Fund
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 266,412	$ 14,704
Investments	2,272,703	-
Restricted cash and cash equivalents	310,681	-
Accounts receivable-net of uncollectible allowance	326,867	-
Inventories	102,773	-
Due from Other Funds	-	150
Total Current Assets	3,279,436	14,854
Noncurrent Assets:		
Capital assets:		
Land	8,315	-
Buildings and system	110,052	-
Improvements other than buildings	9,040,048	1,054,655
Machinery and equipment	2,290,121	-
Vehicles	389,464	-
	11,838,000	1,054,655
Accumulated depreciation - capital assets	(10,529,372)	(125,953)
Total Noncurrent Assets	1,308,628	928,702
Total Assets	$ 4,588,064	$ 943,556

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities -	
	Utility Fund	**Community Development Fund**
LIABILITIES		
Current Liabilities:		
Accounts payable	2,761	-
Due to other funds	754,564	14,854
Compensated absences	22,363	-
Customer deposits payable	159,840	-
Capital leases payable - current	-	-
Total Current Liabilities	939,528	14,854
Noncurrent Liabilities		
Capital leases payable	-	-
Total Noncurrent Liabilities	-	-
Total Liabilities	939,528	14,854
NET POSITION		
Net investment in capital assets	1,308,628	928,702
Restricted for:		
Capital outlay	150,841	-
Unrestricted	2,189,067	-
Total Net Position	$ 3,648,536	$ 928,702

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities -	
	Utility Fund	**Community Development Fund**
OPERATING REVENUES:		
Water sales	$ 890,287	$ -
Sewer charges	869,521	-
Garbage fees	414,810	-
Late payment penalties	26,874	-
Grant revenue	-	284,779
Miscellaneous	150,351	-
Total Operating Revenues	2,351,843	284,779
OPERATING EXPENSES:		
Personnel	481,207	-
Maintenance and operations	885,061	-
Depreciation	236,964	33,789
Total Operating Expenses	1,603,232	33,789
Operating Income	748,611	250,990
NON-OPERATING REVENUES (EXPENSES):		
Investment earnings	50,490	-
Total Non-Operating Revenue (Expenses)	50,490	-
Income Before Transfers	799,101	250,990
Transfers In (Out)	(700,530)	52,000
Change in Net Position	98,571	302,990
Total Net Position - October 1 (Beginning)	3,549,965	625,712
Total Net Position - September 30 (Ending)	$ 3,648,536	$ 928,702

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Utility Fund	Business-Type Activities - Community Development Fund
Cash Flows from Operating Activities:		
Receipts from customers and users	$ 2,381,907	$ -
Receipts from grants	-	284,779
Receipts from intergovernment	-	14,704
Payments to suppliers	(983,310)	-
Payments employees	(487,470)	-
Net Cash Provided by Operating Activities	911,127	299,483
Cash Flows from Non-Capital Financing Activities:		
Transfers to other funds	(700,530)	52,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	(700,530)	52,000
Cash Flows from Capital & Related Financing Activities:		
Purchases of capital assets	(79,344)	(336,779)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(79,344)	(336,779)
Cash Flows from Investing Activities:		
Interest received/Premiums and discounts	50,490	-
Net Cash Provided by Investing Activities	50,490	-
Net Increase (Decrease) in Cash and Cash Equivalents	181,743	14,704
Cash and Cash Equivalents at Beginning of the Year:	2,668,053	-
Cash and Cash Equivalents at End of the Year:	$ 2,849,796	$ 14,704
Reconciliation to Total Cash and Cash Equivalents:		
Cash and Cash Equivalents on Balance Sheet	$ 2,539,115	$ 14,704
Restricted-Cash and Cash Equivalents on Balance Sheet	310,681	-
Total Cash and Cash Equivalents	$ 2,849,796	$ 14,704

The accompanying notes are an integral part of the financial statements.

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities - Utility Fund	Business-Type Activities - Community Development Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income:	$ 748,611	$ 250,990
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	236,964	33,789
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in account receivable	(30,064)	10,300
Decrease (increase) in inventories	(13,849)	-
Decreaase (increase) in due from other funds	-	(150)
Increase (decrease) in accounts payable	(28,872)	(10,300)
Increase (decrease) in due to other funds	-	14,854
Increase (decrease) in compensated absences payable	(6,263)	-
Increase (decrease) in utility deposits	4,600	-
Net Cash Provided by Operating Activities	$ 911,127	$ 299,483

The accompanying notes are an integral part of the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Eagle Lake was incorporated under the laws of the State of Texas in 1888 and operates under a Manager-Council form of government. The following services are provided by the City: public safety (police and fire), public works (streets and drainage), parks and recreation, airport and utilities (water, sewer and garbage).

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

The City's financial statements include the accounts of all City operations. The City has determined no entities exist which meet the criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Therefore, there are no component units included in this report.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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 the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, sewer and garage services which are accrued. Expenses are recognized at the time a liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available' means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major funds:

General Fund

The *General Fund* is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund

The Contingency Fund is used to account for funds restricted by Council for future unforeseeable events.

Debt Service Fund

The *Debt Service Fund* is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Project Fund

The *Capital Project Fund* is used to account for funds received and expended for construction of improvements to City streets, roads and related infrastructure.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. In accounting for proprietary funds, the City has chosen, as allowed by GASB Statement No. 20, to follow all GASB pronouncements as well as all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 which do not contradict or conflict with GASB pronouncements. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Utility Fund

The *Utility Fund* is used to account for the provision of water and sewer services and garbage collection to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities.

The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for the Utilities Fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary's principal ongoing operations. Operating expenses for the proprietary fund include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgetary Control

The City's fiscal year is the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City.

At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted by the City Council, as there were no amendments made during the fiscal year.

F. Cash and Cash Equivalents

The City pools cash resources of its General and Utility funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing deposits and disclosed as part of the City's deposits and investments.

The City considers its cash and certificates of deposits (including restricted assets), to be cash equivalents.

G. Inventories and Prepaid Items

Proprietary Fund Inventories are valued at cost using the first-in/first/out (FIFO) method. The City had no significant inventories in the General or Special Revenue Funds. Where certain payments to vendors reflect costs applicable to future accounting periods they are recorded as prepaid items.

H. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

I. Transactions Between Funds

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Management determines which assets are capitalized based on the nature of the asset and its estimated useful life regardless of cost. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on capital assets.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Years
Buildings	20 – 50
Infrastructure	10 – 50
Machinery and equipment	5 – 20
Vehicles	5 – 15

K. Compensated Absences

Vacation time may be accumulated up to the maximum number of hours an employee earns during a twenty-four month period. Accumulated sick leave is for the sole purpose of permitting an employee to be relieved of his duties during actual illness and may not be used under any other circumstances.

L. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – Fund balance reported as "nonspendable" represents fund balance associated with inventory or prepaid items. The cash outlay for these types of items has already been made and, therefore, the resources represented by this fund balance classifications cannot be spent again.

Restricted Fund Balance – Fund balance reported as "restricted" represents amounts that can be spent only on the specific purposes stipulated by law or the external providers of those resources.
Committed Fund Balance – Fund balance reported as "committed" represents amounts that can be spent only for the specific purposes determined by a formal action of our City's highest level of decision-making authority.
Assigned Fund Balance – Fund balance reported as "assigned" represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as "committed" or "restricted" fund balance. Our governing body may grant to an administrator within the organization the authority to assign fund balance.
Unassigned Fund Balance – Fund balance reported as "unassigned" represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. These amounts are unconstrained in that they may be spent for any purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

M. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the carrying amount of the City's deposits with financial institutions was $4,022,505 and the bank balance was $4,168,357. Of the bank balance, $1,824,144 was covered by federal depository insurance. The remaining balance was covered by collateral held in the pledging financial institutions' trust department in the City's name.

The City's deposits and investments consist of the following as permitted by The Public Funds Investment Act and the City of Eagle Lake's adopted Investment Policy:

> Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed two years to stated maturity; and constant dollar Texas Local Government Investment Pools.

The City's investment policy, in an effort to control credit risk, requires depositories to provide 100% of the market value of the City's time or demand deposits as collateral.
At year end, the City's investment balances were as follows:

	Reported Amount/ Fair Value
Tex-Pool - Investments not subject to categorization	$ 7,182,017

The City's investment policy requires investment pools to be continuously rated no lower than AAA or AAAm by a nationally recognized rating service. Its policy also requires the pool to maintain a market value ratio of between .995 and 1.005. The City's funds in Tex-Pool have a dollar weighted average maturity of 27 days.

Tex-Pool Investments are not categorized in accordance with GASB No. 3, because they are not evidenced by securities that exist in physical or book entry form. Tex-Pool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Tex-Pool uses and amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Tex-Pool is the same as the value of Tex-Pool shares. Market value per share was 1.00 at September 30, 2023.

The State Comptroller of Public Accounts exercises oversight responsibility over Tex-Pool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operation, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in Tex-Pool and other persons who do not have a business relationship with Tex-Pool. The Advisory Board members review the investment policy and management fee structure. Finally, Tex-Pool is rated AAAm by Standard and Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poors, as well as the office of the Comptroller of Public Accounts for review.

B. Receivables

Receivables as of year end for the City, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Taxes	Special Assessment	Total Receivables
Governmental activities				
General	$ -	$ 161,020	$ -	$ 161,020
Sales taxes	-	70,737	-	70,737
Debt service	-	53,571	-	53,571
	-	285,328	-	285,328
Business-type activities				
Utilities	336,045	-	-	336,045
Gross receivables	336,045	285,328	-	621,373
Less: allowance for uncollectibles	(9,179)	(15,500)	-	(24,679)
Net total receivables	$ 326,866	$ 269,828	$ -	$ 596,694

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	$ 149,020	$ -
Delinquent property taxes receivable (debt service fund)	50,071	-
Special assessments not yet due (general fund)	-	-
	$ 199,091	$ -

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable by February 1, at which time they become delinquent. The Colorado County Central Appraisal District assesses, bills and collects property taxes for the City.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	$ 653,894	$ -	$ -	$ 653,894
Construction in progress	-	-	-	-
Total capital assets not being depreciated	653,894	-	-	653,894
Other capital assets:				
Buildings	1,412,567	-	-	1,412,567
Improvements	5,145,789	941,740	-	6,087,529
Machinery and equipment	1,602,493	131,179	-	1,733,672
Vehicles	996,441	49,995	-	1,046,436
Total other capital assets at historical cost	9,157,290	1,122,914	-	10,280,204
Less accumulated depreciation for:				
Buildings	(795,761)	(46,040)	-	(841,801)
Improvements	(4,577,632)	(131,151)	-	(4,708,783)
Machinery and equipment	(1,549,859)	(24,237)	-	(1,574,096)
Vehicles	(883,690)	(29,021)	-	(912,711)
Total accumulated depreciation	(7,806,942)	(230,449)	-	(8,037,391)
Total other capital assets, net	1,350,348	892,465	-	2,242,813
Governmental activities, capital assets, net	$ 2,004,242	$ 892,465	$ -	$ 2,896,707
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	$ 8,315	$ -	$ -	$ 8,315
Construction in progress	-	-	-	-
Total capital assets not being depreciated	8,315	-	-	8,315
Other capital assets:				
Buildings	110,052	-	-	110,052
Improvements - Distribution and collection systems	9,858,496	236,207	-	10,094,703
Machinery and equipment	2,110,206	179,915	-	2,290,121
Vehicles	389,464	-	-	389,464
Total other capital assets at historical cost	12,468,218	416,122	-	12,884,340
Less accumulated depreciation for:				
Buildings	(110,052)	-	-	(110,052)
Improvements - Distribution and collection systems	(8,022,815)	(170,009)	-	(8,192,824)
Machinery and equipment	(1,925,881)	(82,105)	-	(2,007,986)
Vehicles	(325,824)	(18,639)	-	(344,463)
Total accumulated depreciation	(10,384,572)	(270,753)	-	(10,655,325)
Total other capital assets, net	2,083,646	145,369	-	2,229,015
Business-type activities, capital assets, net	$ 2,091,961	$ 145,369	$ -	$ 2,237,330

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

Governmental activities:	
General Government	$ 5,761
Police	24,981
Fire	29,129
Streets	66,185
Airport	63,327
Parks	41,066
Total governmental activities	$ 230,449
Business-type activities:	
Water	$ 142,145
Sewer	128,608
Total business-type activities	$ 270,753

D. Leases

Operating Lease. For the year ended September 30, 2023, the City earned revenues as lessor of part of the City Hall Building to the United States Postal Service. The lease covers the period February 1st thru January 31st. Rent amount to be collected is $12,118 per year thru January 2024.

The asset being leased is as follows:

	Governmental Activities
Asset:	
Building Cost	
City Hall and Post Office	$ 83,685
Less: Accumulated depreciation	(83,685)
Carry amount	$ -

The City acquired a bank building in January 2023. The City leases the building to the bank for $1 per calendar year.

E. Payables

Payables at September 30, 2023 were as follows:

	Vendors	Court Costs	Other	Total Payables
Governmental activities:				
General	$ -	$ 3,778	$ 2,977	$ 6,755
Business-type activities:				
Utilities	$ 2,761	$ -	$ -	$ 2,761

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at September 30, 2023 is as follows:

Due to/Due from:

Fund	Interfund Receivable	Interfund Payable
General	$ 754,564	$ -
Utility	-	754,564
Totals	$ 754,564	$ 754,564

Transfer In/Transfer Out

Fund	Transfer In	Transfer Out
Utility	$ 17,000	$ 700,191
General Fund	735,527	-
Community Development	1,065	42,401
Airport Special Revenue Fund	-	17,000
Contingency Special Revenue Fund	6,000	-
Totals	$ 759,592	$ 759,592

G. Long-term debt

Long-term debt payable at September 30, 2023 consisted of the following issues:

	Total Payable	Current Portion
Governmental activities:		
Certificates of Obligation, Series 2023, 3.93% maturing in March 2043; interest payable semi-annually	$ 2,880,000	$ 55,000
	$ 2,880,000	$ 55,000
Total long-term obligations	$ 2,880,000	$ 55,000

Capital Lease Obligations

The City has a long-term capital lease with John Deere Credit, Inc. to finance the acquisition of a John Deere compact truck loader. The lease qualifies as a capital lease for accounting purposes and defined under the Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and therefore has been recorded as the present value of future minimum lease payments at the date of inception of the lease. The equipment was secured in June 2023 with an annual interest rate of 6.963% and the lease matures on June 15, 2027. The lease requires an annual principal and interest payment of $29,881.

Long-term Debt Activity

Long-term debt activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of obligation	$ 190,000	$ 2,880,000	(190,000)	$ 2,880,000	$ 55,000
Capitalized lease	-	131,179	(29,881)	101,298	22,828
Compensated absences	15,574	12,257	-	27,831	-
Total governmental activities	$ 205,574	$ 3,023,436	(219,881)	$ 3,009,129	$ 77,828
Business-type activities:					
Compensated absences	$ 28,626	$ -	$ (6,263)	$ 22,363	$ -
Total business-type activities	$ 28,626	$ -	$ (6,263)	$ 22,363	$ -
Total government	$ 234,200	$ 3,023,436	(226,144)	$ 3,031,492	$ 77,828

For governmental activities, compensated absences are generally liquidated by the general fund.

The annual requirements to pay principal and interest on certificates of obligation outstanding at September 30, 2023, are as follows:

	Governmental Activities		Business-type Activities	
	Certificates of Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2024	$ 55,000	$ 144,030	-	-
2025	70,000	132,250	-	-
2026	80,000	127,750	-	-
2027	90,000	122,650	-	-
2028	100,000	116,950	-	-
2029-2033	645,000	478,225	-	-
2034-2038	830,000	291,150	-	-
2039-2043	1,010,000	104,400	-	-
Total government	$ 2,880,000	$ 1,517,405	$ -	$ -

H. Restricted assets

The balance of the restricted asset accounts in the enterprise funds were as follows:

	September 30, 2023	September 30, 2022
Restricted cash and equivalents:		
Customer deposits - Utility Fund	$ 159,840	$ 155,240
Construction accounts	-	22,793
Capital outlay accounts	150,841	148,379
Total	$ 310,681	$ 326,412

I. Net Pension Liability

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

IV. OTHER INFORMATION

A. 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; injuries to employees; and natural disasters. For its liability, property and worker's compensation insurance, the City is a participant in the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool operated by the Texas Municipal League for the benefit of political subdivisions of the State of Texas. The City pays an annual premium to TML for this coverage.

TML is considered a self-sustaining risk pool that will provide coverage for its members for up to $1 million per occurrence for property damage, $1 million per occurrence for general liability and $1 million per occurrence for worker's compensation. TML obtains independent coverage for insured events in excess of the amount listed above. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Employee Retirement Systems and Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City of Eagle Lake participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

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

The City of Eagle Lake Volunteer Firemen are covered by a separate pension plan, therefore they are not included in the Texas Municipal Retirement System plan.

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 contribution, 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 for the City were as follows:

	Plan Year 2022	Plan Year 2021
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Retirement Eligibility (Age/Service)	60/10,0/25	60/10,0/25
Updated Service Credit	100 % Repeating, Transfers	100 % Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

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

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	48
Active employees	20
	87

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching contributions 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 Eagle Lake were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Eagle Lake were 9.78% and 10.23% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $105,077, and were equal to the required contributions.

The funding status as of December 31, 2022, the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Peercentage of Covered Payroll
12/31/2022	$ 5,182,881	$ 5,645,351	91.81%	462,470	$ 1,125,028	41.11%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (6.75%) in measuring the 2022 net pension liability.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Decrease 7.75%
City's proportionate share of the net pension liability	$ 1,179,064	$ 462,470	$ (129,736)

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

At September 30, 2023, the City reported a liability of 462,470 for its proportionate share of the TMRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

--

City's proportionate share of the collective net pension liability	$ 462,470
State's proportionate share of the net pension liability associated with the City	5,182,881
Total	$ 5,645,351

The net pension liability was measured as of September 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

At September 30, 2023, the City of Eagle Lake, Texas reported its proportionate share of the TMRS' 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	$ -	$ 16,987
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings	360,304	-
Contribution Made Subsequent to Measurement Date	89,481	-
	$ 449,785	$ 16,987

The following is deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense as follows:

Year Ended	Deferred Outflows (Inflows) of Resources
2023	$ (1,959)
2024	88,406
2025	96,372
2026	160,498
2027	-
	$ 343,317

At September 30, 2023, the City of Eagle Lake, Texas recognized pension expense of $43,026 in the government – wide Statement of Activities

Texas Municipal Retirement System (TMRS) – Supplemental Death Benefits Fund

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 an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree 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 retirees term life insurance during employees' entire careers.

The City of Eagle Lake Volunteer Firemen are covered by a separate pension plan, therefore they are not included in the Texas Municipal Retirement System plan.

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	5
Active employees	20
	38

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (4.05%) in measuring the 2022 net pension liability.

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Decrease 5.05%
City's proportionate share of the net OPEB liability	$ 101,168	$ 87,337	$ 76,227

The net OPEB liability was measured as of December 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's contributions to the OPEB plan relative to the contributions of all employees to the plan for the period October 31, 2022 through September 30, 2023.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2023, the City of Eagle Lake, Texas reported its proportionate share of the TMRS' 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	$ -	$ 184
Changes in Actuarial Assumptions	-	16,171
Defferences Between Projected and Actual Investment Earnings	-	-
Contribution Made Subsequent to Measurment Date	7,283	-
	$ 7,283	$ 16,355

The following is deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense as follows:

Year Ended	Deferred Outflows (Inflows) of Resources
2023	$ (5,644)
2024	(8,405)
2025	(2,306)
2026	-
2027	-
	$ (16,355)

At September 30, 2023, the City of Eagle Lake, Texas recognized OPEB expense of $(1,257) in the government – wide Statement of Activities.

Texas Emergency Services Retirement System

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (The System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2023, there were 239 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created the TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Covered Membership

At August 31, 2023, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,843
Termininated members entitled to but not yet receiving benefits	1,706
Active participants	3,571

Funding Policy

Contributions are made by government bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2023, the Part Two contributions were established by the to be 2% of the Part One contributions beginning September 1, 2023.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments made by the System.

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2023 total contributions of $15,639 were paid into TESRS by the City of Eagle Lake. This compares to total contributions of $14,688 paid by the City of Eagle Lake for the fiscal year ending August 31, 2019.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The most recently completed biennial actuarial valuation as of August 31, 2023 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately $725,000 each year to pay for part of the System's administrative expense.

D. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government or are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

Concentration of Credit Risk

The risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk

The risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk

The risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

V. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through March 7, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EAGLE LAKE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual	Variance With Final Budget Positive or
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes:				
Property Taxes	$ 764,890	$ 764,890	$ 705,076	$ (59,814)
Penalties and Interest	21,126	21,126	22,377	1,251
General Sales and Use Taxes	375,000	375,000	415,972	40,972
Franchise Taxes	308,665	308,665	295,684	(12,981)
Other Taxes	7,950	7,950	8,031	81
Licenses and Permits	44,500	44,500	60,882	16,382
Fines and forfeitures	64,255	64,255	89,768	25,513
Use of property	35,000	35,000	37,867	2,867
Miscellaneous Revenue	52,200	52,200	77,997	25,797
Grant Revenue	935,888	935,888	13,823	(922,065)
Intergovernmental Revenue	10,000	10,000	16,000	6,000
Total Revenues	2,619,474	2,619,474	1,743,477	(875,997)
EXPENDITURES:				
Current:				
Administrative and General				
Personnel	369,773	369,773	382,424	(12,651)
Maintenance	15,900	15,900	33,371	(17,471)
Supplies	9,350	9,350	12,863	(3,513)
Utilities	15,400	15,400	29,328	(13,928)
Operational Expenses	151,300	151,300	210,716	(59,416)
Special Services	32,250	32,250	40,678	(8,428)
	593,973	593,973	709,380	(115,407)
Police Department				
Personnel	874,375	874,375	745,532	128,843
Maintenance	37,200	37,200	92,260	(55,060)
Supplies	40,150	40,150	82,195	(42,045)
Utilities	14,120	14,120	24,155	(10,035)
Operational Expenses	47,250	47,250	66,312	(19,062)
	1,013,095	1,013,095	1,010,454	2,641
Fire Department				
Personnel	2,400	2,400	260	2,140.00
Maintenance	19,750	19,750	16,604	3,146
Supplies	30,700	30,700	38,062	(7,362)
Utilities	5,200	5,200	5,836	(636)
Operational Expenses	47,400	47,400	45,922	1,478
	105,450	105,450	106,684	(1,234)

CITY OF EAGLE LAKE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual	Variance With Final Budget Positive or
	Original	Final	Amounts	(Negative)
Street Department				
Personnel	$ 199,540	$ 199,540	$ 98,503	$ 101,037
Maintenance	33,000	33,000	36,939	(3,939)
Supplies	15,450	15,450	21,612	(6,162)
Operational Expenses	40,900	40,900	39,147	1,753
	288,890	288,890	196,201	92,689
Parks and Recreation Department				
Personnel	160,108	160,108	114,668	45,440
Maintenance	13,200	13,200	22,770	(9,570)
Supplies	14,870	14,870	25,942	(11,072)
Utilities	16,100	16,100	24,863	(8,763)
Operational Expenses	5,900	5,900	6,822	(922)
Special Services	11,500	11,500	9,195	2,305
	221,678	221,678	204,260	17,418
Capital Outlay	1,054,418	1,102,523	865,246	237,277
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
Total Expenditures	3,277,504	3,325,609	3,092,225	233,384
Excess (Deficiency) of Revenues over (under) Expenditures	(658,030)	(706,135)	(1,348,748)	(642,613)
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	658,030	658,030	658,030	-
Total Other Financing Sources (Uses)	658,030	658,030	658,030	-
Net Change	-	(48,105)	(690,718)	(642,613)
Fund Balance - October 1 (Beginning)	2,947,809	2,947,809	2,947,809	-
Fund Balance - September 30 (Ending)	$ 2,947,809	$ 2,899,704	$ 2,257,091	$ (642,613)

CITY OF EAGLE LAKE, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (will ultimately be displayed)

	2023	2022	2021	2020
Total pension liability				
Service cost	$ 158,066	$ 161,385	$ 164,348	$ 160,136
Interest (on the Total Pension Liability)	364,706	345,687	329,115	314,117
Changes of benefit terms	-	-	-	9,050
Difference between expected and actual experienc	(52,378)	52,692	(5,487)	(48,067)
Changes of assumptions	-	-	-	25,614
Benefit payments, including refunds of employee contributions	(298,110)	(254,578)	(227,409)	(236,021)
Net change in total pension liability	172,284	305,186	260,567	224,829
Total pension liability - beginning	$ 5,473,067	$ 5,167,881	$ 4,907,314	$ 4,682,485
Total pension liability - ending (a)	$ 5,645,351	$ 5,473,067	$ 5,167,881	$ 4,907,314
Plan fiduciary net position				
Contributions - employer	$ 105,077	$ 111,082	$ 118,265	$ 103,978
Contributions - employee	67,502	69,066	70,819	67,049
Net investment income	(416,135)	667,202	364,517	652,216
Benefit payments, including refunds of employee contributions	(298,110)	(254,578)	(227,409)	(236,021)
Administrative expense	(3,616)	(3,097)	(2,363)	(3,692)
Other	4,315	22	(91)	(111)
Net change in plan fiduciary net position	$ (540,967)	$ 589,697	$ 323,738	$ 583,419
Plan fiduciary net position - beginning	5,723,848	5,134,151	4,810,413	4,226,994
Plan fiduciary net position - ending(b)	$ 5,182,881	$ 5,723,848	$ 5,134,151	$ 4,810,413
Net pension liability (a) - (b)	$ 462,470	$ (250,781)	$ 33,730	$ 96,901
Plan fiduciary net position as a percentage of the total pension liability	91.81%	104.58%	99.35%	98.03%
Covered employee payroll	$ 1,125,028	$ 1,151,107	$ 1,154,943	$ 1,117,488
Net pension liability as a percentage of covered employee payroll	41.11%	-21.79%	2.92%	8.67%

CITY OF EAGLE LAKE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (will ultimately be displayed)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 105,077	$ 111,082	$ 118,265	$ 103,978	$ 101,379	$ 110,665	$ 99,141
Contributions in relation to the actuarially determined contribution	(105,077)	(111,082)	(118,265)	(103,978)	(101,379)	(110,665)	(99,141)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,125,028	$ 1,151,107	$ 1,154,943	$ 1,117,488	$ 1,122,698	$ 1,204,199	$ 1,228,517
Contributions as a percentage of covered payroll	9.34%	9.65%	10.24%	9.30%	9.03%	9.19%	8.07%

NOTES TO SCHEDULE OF CONTRIBUTIONS:

Valuation Date:	
Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee tabel used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	
Notes	There were no benefit changes during the year.

CITY OF EAGLE LAKE, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (will ultimately be displayed)

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
City's proportion of the net pension liability (asset)	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
City's proportionate share of the net pension liability (asset)	$ 87,337	$ 118,203	$ 105,264	$ 82,053	$ 68,024	$ 68,699
State's proportionate share of the net pension liability (asset) associatied with the City	-	-	-	-	-	-
Total	$ 87,337	$ 118,203	$ 105,264	$ 82,053	$ 68,024	$ 68,699
City's covered-employee payroll	$ 1,125,028	$ 1,151,107	$ 1,154,943	$ 1,117,488	$ 1,122,698	$ 1,204,199
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.76%	10.27%	9.11%	7.34%	6.06%	5.70%
Plan fidiciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF EAGLE LAKE, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS-OPEB

TEXAS MUNICIPAL RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (will ultimately be displayed)

	2023	2022	2021	2020	2019
Contractually required contribution	$ 4,950	$ 5,065	$ 4,504	$ 3,464	$ 2,807
Contributions in relation to the contractually required contribution	(4,950)	(5,065)	(4,504)	(3,464)	(2,807)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 1,125,028	$ 1,151,107	$ 1,154,943	$ 1,117,488	$ 1,122,698
Contributions as a percentage of covered-employee payroll	0.44%	0.44%	0.39%	0.31%	0.25%

CITY OF EAGLE LAKE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

a. Prior to the end of the current fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the City Council is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended at department and fund level only by approval of a majority of the members of the City Council. Amendments are presented to the Council at its regular meetings.

Each amendment must have Council approval. Such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/department level. Budgeted amounts are as amended by the City Council. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of–year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF EAGLE LAKE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Airport	Chapter 59 Seizures	TDHCA Home	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	$ 157,999	$ 7,366	$ -	$ 165,365
Due from Other Funds	14,854	-	-	14,854
Total Assets	$ 172,853	$ 7,366	$ -	$ 180,219
Liabilities				
Current Liabilities				
Due to Other Funds	$ 575	$ -	$ -	$ 575
Total Liabilities	575	-	-	575
Fund Balance				
Restricted Fund Balances:				
Other Restrictions of Fund Balance	-	7,366	-	7,366
Unassigned	172,278	-	-	172,278
Total Fund Balances	172,278	7,366	-	179,644
Total Liabilities and Fund Balances	$ 172,853	$ 7,366	$ -	$ 180,219

CITY OF EAGLE LAKE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Airport	Chapter 59 Seizures	TDHCA Home	Total Nonmajor Governmental Funds
Revenues				
Use of Property	$ 91,390	$ -	$ -	$ 91,390
Grant Revenue	-	-	-	-
Investment Earnings	2,086	-	-	2,086
Miscellaneous	15,750	2,700	-	18,450
Total Revenues	109,226	2,700	-	111,926
Expenditures				
General Government	40,150	-	-	40,150
Capital Outlay	141,262	-	-	141,262
Debt Service:				
Principal	29,881	-	-	29,881
Interest	-	-	-	-
Total Expenditures	211,293	-	-	211,293
Excess of Revenues Over Expenditures	(102,067)	2,700	-	(99,367)
Other Financing Sources (Uses)				
Transfers in (out)	(15,500)	-	-	(15,500)
Capitalized leases	131,179	-	-	131,179
Total Other Financing Sources (Uses)	115,679	-	-	115,679
Net Change in Fund Balance	13,612	2,700	-	16,312
Fund Balance, Beginning of Year	158,666	4,666	-	163,332
Fund Balance, End of Year	$ 172,278	$ 7,366	$ -	$ 179,644

CITY OF EAGLE LAKE, TEXAS

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

	Airport			Chapter 59 Seizures		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues						
Use of Property	$ 86,525	$ 91,390	$ 4,865	$ -	$ -	$ -
Grant Revenue	-	-	-	-	-	-
Investment Earnings	-	2,086	2,086	-	-	-
Miscellaneous	50,000	15,750	(34,250)	200	2,700	2,500
Total Revenues	136,525	109,226	(27,299)	200	2,700	2,500
Expenditures						
Airport Maintenance	48,800	40,150	8,650	-	-	-
Miscellaneous	-	-	-	200	-	200
Capital Outlay	40,000	141,262	(101,262)	-	-	-
Debt Service						
Pricipal	-	29,881	(29,881)	-	-	-
Interest		-	-	-	-	-
Total Expenditures	88,800	211,293	(122,493)	200	-	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,725	(102,067)	(149,792)	-	2,700	2,700
Other Financing Sources (Uses)						
Capitalized Leases	-	131,179	131,179	-	-	-
Transfers In (Out)	-	(15,500)	(15,500)	-	-	-
Total Other Financing Sources (Uses)	-	115,679	115,679	-	-	-
Net Change in Fund Balance	47,725	13,612	(34,113)	-	2,700	2,700
Fund Balance, Beginning of Year	158,666	158,666	-	4,666	4,666	-
Fund Balance, End of Year	$206,391	$172,278	$ (34,113)	$ 4,666	$ 7,366	$ 2,700

TDHCA Home Program			Total Nonmajor Governmental Funds		
Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
$ -	$ -	$ -	$ 86,525	$ 91,390	$ 4,865
487,000	-	(487,000)	487,000	-	(487,000)
-	-	-	-	2,086	2,086
-	-	-	50,200	18,450	(31,750)
			-	-	
487,000	-	(487,000)	623,725	111,926	(511,799)
			-	-	
-	-	-	48,800	40,150	8,650
487,000	-	487,000	487,200	-	487,200
-	-	-	40,000	141,262	(101,262)
-	-	-	-	29,881	(29,881)
-	-	-	-	-	-
487,000	-	487,000	576,000	211,293	364,707
-	-	-	47,725	(99,367)	(147,092)
-	-	-	-	131,179	131,179
17,000	-	(17,000)	17,000	(15,500)	(32,500)
17,000	-	(17,000)	17,000	115,679	98,679
17,000	-	(17,000)	64,725	16,312	(48,413)
-	-	-	163,332	163,332	-
$ 17,000	$ -	$ (17,000)	$228,057	$179,644	$ (48,413)

CITY OF EAGLE LAKE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CONTINGENCY SPECIAL REVENUE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Revenues				
Interest Income	$ 2,000	$ 2,000	$ 5,500	$ 3,500
Total Revenues	2,000	2,000	5,500	3,500
Expenditures				
Capital Outlay	-	155,147	116,406	(116,406)
Total Expenditures	-	155,147	116,406	(116,406)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	(153,147)	(110,906)	(112,906)
Other Financing Sources (Uses)				
Transfers In (Out)	6,000	6,000	6,000	-
Total Other Financing Sources (Uses)	6,000	6,000	6,000	-
Net Change in Fund Balance	8,000	(147,147)	(104,906)	(112,906)
Fund Balance, Beginning of Year	392,305	392,305	392,305	-
Fund Balance, End of Year	$ 400,305	$ 245,158	$ 287,399	$ (112,906)

CITY OF EAGLE LAKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts*		Actual	Variance With Final Budget Positive or
	Original	Final	Amounts	(Negative)
REVENUES:				
Premium and Discount Revenue	$ -	$ -	$ 144,073	$ 144,073
Interest Revenue	-	-	20,318	20,318
Total Revenues	-	-	164,391	164,391
EXPENDITURES:				
Administrative and General	-	-	20	(20)
Bond Issuance Costs	-	-	95,602	(95,602)
Total Expenditures	-	-	95,622	(95,622)
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	68,769	68,769
OTHER FINANCING SOURCES (USES):				
Certificate of Obligation Proceeds	-	-	2,880,000	2,880,000
Total Other Financing Sources (Uses)	-	-	2,880,000	2,880,000
Net Change in Fund Balances	-	-	2,948,769	2,948,769
Fund Balances - October 1 (Beginning)	431,923	431,923	-	(431,923)
Fund Balances - October 1 (Ending)	$ 431,923	$ 431,923	$ 2,948,769	$ 2,516,846

* The funds were received during the current fiscal year, therefore no budget was adopted.

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INTERNAL CONTROL AND COMPLIANCE

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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 City Council
City of Eagle Lake, Texas

We have audited, 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, the financial statements of the governmental activities, the business – type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Eagle Lake, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Eagle Lake, Texas' basic financial statements, and have issued our report thereon dated March 7, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Eagle Lake, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Tabor + Co., P.C.

La Grange, Texas
March 7, 2024