



CITY OF
HORSESHOE BAY

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2024

**ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2024



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ANNUAL FINANCIAL REPORT

of the

City of Horseshoe Bay, Texas

**For the Year Ended
September 30, 2024**

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City of Horseshoe Bay, Texas

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September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Horseshoe Bay:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Horseshoe Bay, as of September 30, 2024, 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 (GAAS). 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 City of Horseshoe Bay 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

The City's 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 one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.E. to the financial statements, due to a prior year accounting adjustment to assessment receivable and donated land, the City restated beginning net position for governmental activities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Horseshoe Bay's basic financial statements. The combining schedule of fund statements for nonmajor governmental funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedule of fund statements for nonmajor governmental funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas

January 13, 2025

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2024

As management of the City of Horseshoe Bay (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

Financial Highlights

- The City's total combined net position is \$48,723,325 at September 30, 2024. Of this, \$17,663,269 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the end of the year, the unassigned fund balance of the general fund was \$9,005,977 or 71% of total general fund expenditures.
- The City had an overall increase in net position of \$3,829,809.
- The City implemented a pension with TMRS for employee retirement benefits during the previous fiscal year. The net pension liability was \$225 for the year ended September 30, 2024.

The government adopted a policy for the general fund that requires a minimum cash flow reserve equal to or greater than \$2,500,000 or three months of total operating expenses, plus debt service reserves as required by debt indentures. As of September 30, 2024, the unassigned fund balance for the general fund was \$9,005,977, which was 71% of total general fund expenditures or approximately 8 months of total operating expenditures. The general fund currently doesn't have any debt service obligations, with the exception of lease payments, which are treated as debt service.

The government also adopted a policy for the utility fund that requires excess funds each year to create a cash reserve. The target amount of the reserve fund will be three months of personnel and operating expenses. As of September 30, 2024, the cash balance for the water utility fund was \$4,884,880, which is 55% of total utility fund expenses excluding depreciation, which is approximately 6 months of personnel and operating expenses.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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 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 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 include general government, public safety, and public works. The business-type activities of the City include water, wastewater and solid waste recycling operations.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Horseshoe Bay. They are usually segregated for specific activities or objectives. The City of Horseshoe Bay uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City'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

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

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 Horseshoe Bay maintains ten 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, debt service, capital projects, Summit Rock Public Improvement District, Escondido Public Improvement District, police department seizure, vehicle replacement, child safety, court technology, and court security funds. The general, Summit Rock Public Improvement District, capital projects, and Escondido Public Improvement District funds are considered to be major funds.

The City of Horseshoe Bay adopts an annual appropriated budget for all funds except for the PID funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds

The City maintains one type of proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its utility services. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, utility production and distribution. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule. RSI can be found after the basic financial statements.

The PID special revenue funds, and their debt obligations consisting of the PID special assessment bond and note payable to the water utility fund, are solely funded by property assessments paid for by the respective homeowners of the related developments. The City is not obligated for repayment of

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

these debts. City council is the governing body over the PID's, the City is the account holder for PID funds, and is the responsible party for management of the PID activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Horseshoe Bay, assets and deferred outflows exceeded liabilities and deferred inflows by \$48,723,325 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$27,362,216, reflects its investments in capital assets (e.g., land, city hall, fire station, police building, water plant, sewer system, as well as the machinery and equipment), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$3,697,840, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,663,269 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Current and other assets of governmental activities as of September 30, 2024 and September 30, 2023 were \$34,267,220 and \$28,794,177, respectively. The increase of \$5,473,043 was primarily due to greater cash on hand, resulting from unspent bond proceeds issued in the current year.

Current and other assets of business-type activities as of September 30, 2024 and September 30, 2023 were \$6,661,913 and \$5,793,079, respectively. The increase of \$868,834 was primarily due to operating cash surpluses during the year.

Capital assets of governmental activities as of September 30, 2024 and September 30, 2023 were \$30,215,665 and \$26,909,859, respectively. The increase of \$3,305,806 was primarily due to new street improvement projects during the year.

Long-term liabilities of the primary government as of September 30, 2024 and September 30, 2023 were \$45,883,936 and \$40,299,573, respectively. The increase of \$5,584,363 was due to new governmental debt issuances outweighing principal payments made in the current year.

City of Horseshoe Bay, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 34,267,220	\$ 6,661,913	\$ 40,929,133	\$ 28,794,177	\$ 5,793,079	\$ 34,587,256
Internal balances	(3,624,324)	3,624,324	-	(4,005,570)	4,005,570	-
Capital assets, net	30,215,665	26,921,473	57,137,138	26,909,859	26,372,994	53,282,853
Total Assets	60,858,561	37,207,710	98,066,271	51,698,466	36,171,643	87,870,109
Deferred Outflows of Resources	490,814	146,678	637,492	499,162	144,445	643,607
Other liabilities	2,204,978	1,841,119	4,046,097	2,070,629	1,249,525	3,320,154
Long-term liab.	32,715,643	13,168,293	45,883,936	25,792,933	14,506,640	40,299,573
Total Liabilities	34,920,621	15,009,412	49,930,033	27,863,562	15,756,165	43,619,727
Deferred Inflows of Resources	36,342	14,063	50,405	341	132	473
Net Position:						
Net investment in capital assets	13,973,082	13,389,134	27,362,216	12,488,726	11,868,548	24,357,274
Restricted	3,697,840	-	3,697,840	4,677,486	142,656	4,820,142
Unrestricted	8,721,490	8,941,779	17,663,269	7,167,513	8,548,587	15,716,100
Total Net Position	\$ 26,392,412	\$ 22,330,913	\$ 48,723,325	\$ 24,333,725	\$ 20,559,791	\$ 44,893,516

City of Horseshoe Bay, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Business		Total	Business		Total
	Governmental Activities	Type Activities	Primary Government	Governmental Activities	Type Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,665,751	\$ 11,811,642	\$ 14,477,393	\$ 2,709,834	\$ 12,024,310	\$ 14,734,144
Grants and contri.	25,000	679,667	704,667	-	-	-
General revenues:						
Property taxes	9,523,079	-	9,523,079	8,310,609	-	8,310,609
Sales taxes	2,747,122	-	2,747,122	2,601,811	-	2,601,811
PID assessments	348,133	-	348,133	2,675,232	-	2,675,232
Franch. & other txs.	420,887	-	420,887	399,973	-	399,973
Investment income	1,644,030	240,245	1,884,275	942,955	289,296	1,232,251
Other revenues	153,934	608,191	762,125	209,873	51,903	261,776
Total Revenues	17,527,936	13,339,745	30,867,681	17,850,287	12,365,509	30,215,796
Expenses						
General govt.	2,835,880	-	2,835,880	2,654,093	-	2,654,093
Dev. Services	1,319,122	-	1,319,122	1,187,013	-	1,187,013
Public works	620,616	-	620,616	624,657	-	624,657
Public safety	6,595,194	-	6,595,194	6,123,206	-	6,123,206
Highways/streets	2,846,119	-	2,846,119	2,601,191	-	2,601,191
Culture and rec.	12,988	-	12,988	15,742	-	15,742
Interest	1,457,911	384,659	1,842,570	1,226,441	426,314	1,652,755
Water utility	-	10,965,383	10,965,383	-	9,693,721	9,693,721
Total Expenses	15,687,830	11,350,042	27,037,872	14,432,343	10,120,035	24,552,378
Change						
Before Transfers	1,840,106	1,989,703	3,829,809	3,417,944	2,245,474	5,663,418
Transfers	218,581	(218,581)	-	660,500	(660,500)	-
Total	218,581	(218,581)	-	660,500	(660,500)	-
Change in Net Pos.	2,058,687	1,771,122	3,829,809	4,078,444	1,584,974	5,663,418
Beginning Net Position	24,333,725	20,559,791	44,893,516	20,255,281	18,974,817	39,230,098
Ending Net Position	\$ 26,392,412	\$ 22,330,913	\$ 48,723,325	\$ 24,333,725	\$ 20,559,791	\$ 44,893,516

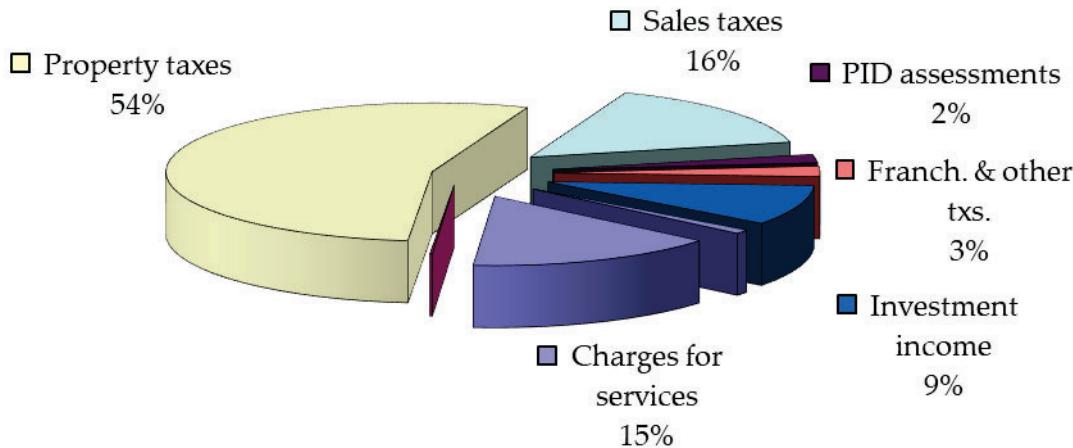
City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues



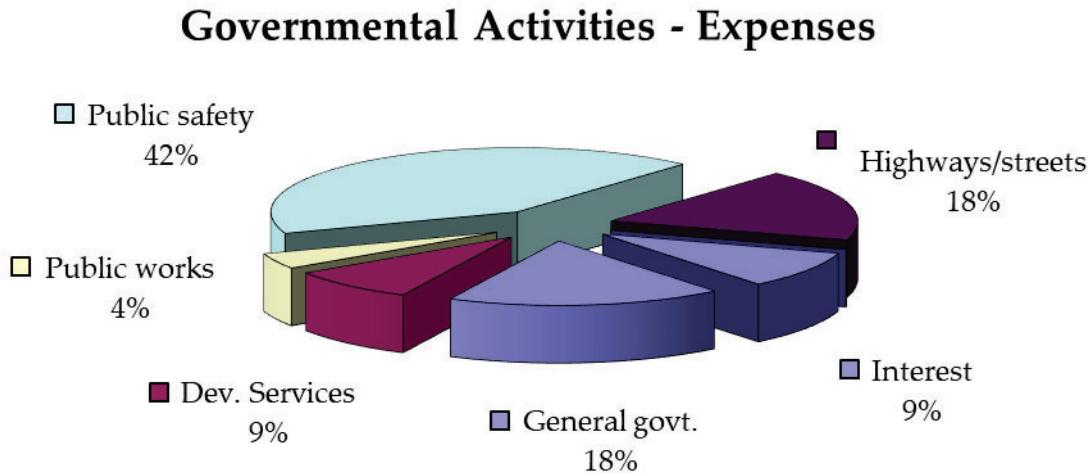
For the year ended September 30, 2024, revenues from governmental activities totaled \$17,527,936. Property tax, sales tax, PID assessments, and charges for services are the City's largest revenue sources. Property tax increased by \$1,212,470 or 15% due to greater appraised property values. PID assessment revenue decreased by \$2,327,099 or 87%, which is a result the Summit Rock PID capital improvements being fully funded in the prior year. Sales taxes and franchise taxes increased by \$145,311 and \$20,914, respectively, which is primarily attributable to local economic growth during the current year. Investment income increased by \$701,075 or 74% primarily due to the realization of higher interest rates and greater interest-bearing account balances held over the course of the year. Other revenue decreased by \$55,939 or 27% primarily due to nonrecurring reimbursements and traffic fines in the prior year.

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2024, expenses for governmental activities totaled \$15,687,830. This represents an increase of \$1,255,487 or 9% from the prior year. The City's largest functional expense is public safety of \$6,595,194, which includes operational expenses for the police, fire, and animal control departments. Public safety expenses increased by \$471,988 or 8% primarily due to greater employee benefit expenses, asset depreciation, and nonrecurring vehicle maintenance in the current year. General government expenses increased by \$181,787 or 7% primarily due to new hires, greater liability insurance and professional services resulting from City growth in the current year. Development services increased by \$132,109 or 11% primarily as a result of greater personnel costs and nonrecurring engineering fees paid in the current year. Highway and streets expense increased by \$244,928 or 9% due to greater asset depreciation and nonrecurring drainage and park maintenance in the current year. Interest and fiscal charges increased by \$231,470 or 19% due to nonrecurring bond issuance costs in the current year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

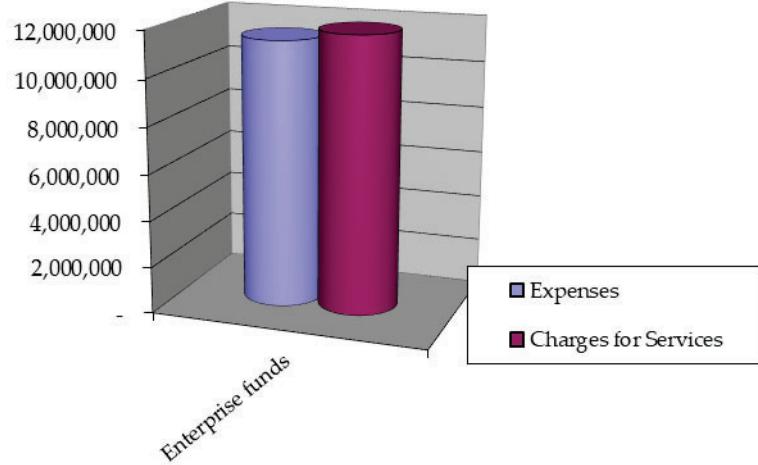
For the year ended September 30, 2024, charges for services by business-type activities totaled \$11,811,642. This is a decrease of \$212,668, or 2%, from the previous year and considered minimal. Grants and contributions increased by \$679,667 due to nonrecurring federal grant reimbursements received through the American Rescue Plan in the current year.

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

Business-Type Activities - Revenues and Expenses



Total expenses increased \$1,230,007 or 12% which was primarily due to greater garbage service expenses, asset depreciation, software maintenance, water plant material costs, electricity expenses, and personnel expenses (including employee retirement expenses), resulting from current year promotions.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a total fund balance of \$9,068,681. Of this, \$0 is restricted for PEG. Unassigned fund balance totaled \$9,005,977 as of year-end. The general fund increased by \$1,679,242 primarily due to revenues and other financing sources exceeding current year expenditures. This is consistent with the City's proposed budget for the general fund.

The Summit Rock PID fund reflected an ending deficit fund balance of \$3,438,339 as of September 30, 2024. This was an improvement of \$192,250 when compared to the deficit in fund balance as of September 30, 2023. This improvement is due to special assessment revenue exceeding interest expenditures.

The Escondido PID fund reflected an ending fund balance of \$885,326, an increase of \$32,044. This increase is due to property assessment revenue exceeding current year expenditures.

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

The capital projects fund reflected an ending fund balance of \$16,193,203, an increase of \$4,521,404. This increase is due to new bond issuances in the current year.

There was an increase in governmental fund balance of \$6,307,199 over the prior year. The increase is primarily due to bonds issued in the current year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$67,351 in the general fund. This is a combination of a negative revenue variance of \$3,222, a positive expenditure variance of \$71,257, and a negative variance of \$684 in other financing sources and uses. All revenue variances were negative, with the exception of sales and franchise taxes. The most significant expense variances were for general government, development services, fire, and streets. No departmental expenses exceeded appropriations at the legal level of control.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$30,215,665 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$26,921,473 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Street upgrades totaling \$3,075,311.
- Martin park improvements for \$180,139.
- 2024 sealcoat project improvements for \$794,730
- Schematic design expenses for city hall and fire station #2 totaling \$871,829.
- Purchased two 2023 Ford 550s for \$404,075.
- Purchased two 2024 Toyota Tundras for \$99,417.
- Drainage study for Pecan and Horseshoe Creek totaling \$271,591.
- Engineering costs for high water storage project totaling \$431,992.
- Engineering costs for West water plant totaling \$131,683.
- Various equipment purchased for the utility operations totaling \$471,995.

City of Horseshoe Bay, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

- Purchase five utility trucks totaling \$254,970.
- Installation of short and long water/sewer service lines for \$773,628.
- Internet towers installed for \$192,623.
- Water storage tank rehabilitation improvements totaling \$56,438.
- Blister Gold lift station improvements in the amount of \$32,095.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total debt outstanding (including premiums) of \$45,883,936. The City made principal payments on debt of \$3,378,064 in the current year. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Horseshoe Bay and improving services provided to their public citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Horseshoe Bay's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City's finance office by phone at (830) 598-8741 or in person at 1 Community Drive, Horseshoe Bay, Texas 78657.

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FINANCIAL STATEMENTS

City of Horseshoe Bay, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2024

	Primary Government			
	Governmental Activities		Business-Type Activities	
			Total	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 26,701,266	\$ 4,884,880	\$ 31,586,146	
Restricted cash	900,290	-	900,290	
Receivables, net	1,433,277	1,777,033	3,210,310	
Prepays	62,704	-	62,704	
Internal balances	(217,665)	217,665	-	
	Total Current Assets	28,879,872	6,879,578	35,759,450
Internal advances	(3,406,659)	3,406,659	-	
Receivables, noncurrent	5,169,683	-	5,169,683	
Capital assets:				
Non-depreciable	2,622,832	1,067,910	3,690,742	
Net depreciable capital assets	27,592,833	25,853,563	53,446,396	
	Total Noncurrent Assets	31,978,689	30,328,132	62,306,821
	Total Assets	60,858,561	37,207,710	98,066,271
<u>Deferred Outflows of Resources</u>				
Deferred charge on refundings	116,542	1,850	118,392	
Pension outflows	373,552	144,550	518,102	
OPEB outflows	720	278	998	
	Total Deferred Outflows of Resources	490,814	146,678	637,492

City of Horseshoe Bay, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 802,492	\$ 988,985	\$ 1,791,477
Accrued interest payable	426,418	76,882	503,300
Unearned revenue	-	17,564	17,564
Customer and permit deposits	708,137	695,157	1,403,294
Compensated absences, current	221,972	48,861	270,833
Long term debt due within one year	1,311,352	1,320,000	2,631,352
Total Current Liabilities	<u>3,470,371</u>	<u>3,147,449</u>	<u>6,617,820</u>
Noncurrent liabilities:			
OPEB liability	21,133	8,178	29,311
Net pension liability	162	63	225
Debt due in more than one year	31,404,291	11,848,293	43,252,584
Compensated absences	24,664	5,429	30,093
Total Noncurrent Liabilities	<u>31,450,250</u>	<u>11,861,963</u>	<u>43,312,213</u>
Total Liabilities	<u>34,920,621</u>	<u>15,009,412</u>	<u>49,930,033</u>
<u>Deferred Inflows of Resources</u>			
Pension inflows	10,124	3,918	14,042
OPEB inflows	26,218	10,145	36,363
Total Deferred Inflows of Resources	<u>36,342</u>	<u>14,063</u>	<u>50,405</u>
<u>Net Position</u>			
Net investment in capital assets	13,973,082	13,389,134	27,362,216
Restricted for:			
Debt service	163,469	-	163,469
PID activities, including debt service	3,283,769	-	3,283,769
Other purposes	250,602	-	250,602
Unrestricted	8,721,490	8,941,779	17,663,269
Total Net Position	<u>\$ 26,392,412</u>	<u>\$ 22,330,913</u>	<u>\$ 48,723,325</u>

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues
Charges for Services		
Primary Government		
Governmental Activities		
General government	\$ 2,835,880	\$ 9,000
Development services	1,319,122	1,008,454
Public works	620,616	505,534
Public safety	6,595,194	484,747
Highways and streets	2,846,119	658,016
Culture and recreation	12,988	-
Interest and fiscal charges	1,457,911	-
Total Governmental Activities	15,687,830	2,665,751
Business-Type Activities		
Utility	11,350,042	11,811,642
Total Business-Type Activities	11,350,042	11,811,642
Total Primary Government	\$ 27,037,872	\$ 14,477,393
 General Revenues:		
Taxes		
Property taxes		
Sales taxes		
Franchise and local taxes		
PID assessment revenue		
Investment income		
Other revenues		
Transfers		
Total General Revenues and Transfers		
 Change in Net Position		
Beginning Net Position		
Ending Net Position		

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (2,801,880)	\$ -	\$ (2,801,880)	
(310,668)	-	(310,668)	
(115,082)	-	(115,082)	
(6,110,447)	-	(6,110,447)	
(2,188,103)	-	(2,188,103)	
(12,988)	-	(12,988)	
(1,457,911)	-	(1,457,911)	
(12,997,079)	-	(12,997,079)	
-	1,141,267	1,141,267	
-	1,141,267	1,141,267	
(12,997,079)	1,141,267	(11,855,812)	

9,523,079	-	9,523,079
2,747,122	-	2,747,122
420,887	-	420,887
348,133	-	348,133
1,644,030	240,245	1,884,275
153,934	608,191	762,125
218,581	(218,581)	-
15,055,766	629,855	15,685,621
2,058,687	1,771,122	3,829,809
24,333,725	20,559,791	44,893,516
\$ 26,392,412	\$ 22,330,913	\$ 48,723,325

City of Horseshoe Bay, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	<u>General</u>	<u>Rock PID</u>	<u>Summit PID</u>	<u>Escondido PID</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 9,515,465	\$ -	\$ -	\$ -
Restricted cash	- -	14,964	885,326	885,326
Receivables, net	728,775	3,438,339	2,398,443	2,398,443
Due from other funds	26,077	- -	- -	- -
Prepays	62,704	- -	- -	- -
Total Assets	<u>\$ 10,333,021</u>	<u>\$ 3,453,303</u>	<u>\$ 3,283,769</u>	<u>\$ 3,283,769</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 360,987	\$ - -	\$ - -	\$ - -
Permit deposits	708,137	- -	- -	- -
Advances from other funds	- -	3,406,659	- -	- -
Due to other funds	60,076	46,644	- -	- -
Total Liabilities	<u>1,129,200</u>	<u>3,453,303</u>	<u>- -</u>	<u>- -</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	- -	- -	- -	- -
Property taxes	135,140	- -	- -	- -
PID property assessments	- -	3,438,339	2,398,443	2,398,443
Total Deferred Inflows of Resources	<u>135,140</u>	<u>3,438,339</u>	<u>2,398,443</u>	<u>2,398,443</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepays	62,704	- -	- -	- -
Restricted for:				
Court	- -	- -	- -	- -
Vehicle replacement	- -	- -	- -	- -
PID activities, including debt service	- -	- -	885,326	885,326
Debt service	- -	- -	- -	- -
Capital projects	- -	- -	- -	- -
Unassigned reported in:				
General fund	9,005,977	- -	- -	- -
Summit Rock PID fund	- -	(3,438,339)	- -	- -
Total Fund Balances	<u>9,068,681</u>	<u>(3,438,339)</u>	<u>885,326</u>	<u>885,326</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 10,333,021</u>	<u>\$ 3,453,303</u>	<u>\$ 3,283,769</u>	<u>\$ 3,283,769</u>

See Notes to Financial Statements.

Capital Projects	Nonmajor	Total
	Governmental Funds	Governmental Funds
\$ 16,799,824	\$ 385,977	\$ 26,701,266
-	-	900,290
-	37,403	6,602,960
31,982	28,094	86,153
-	-	62,704
\$ 16,831,806	\$ 451,474	\$ 34,353,373
\$ 441,505	\$ -	\$ 802,492
-	-	708,137
-	-	3,406,659
197,098	-	303,818
638,603	-	5,221,106
-	37,403	172,543
-	-	5,836,782
-	37,403	6,009,325
-	-	62,704
-	50,602	50,602
-	200,000	200,000
-	-	885,326
-	163,469	163,469
16,193,203	-	16,193,203
-	-	9,005,977
-	-	(3,438,339)
16,193,203	414,071	23,122,942
\$ 16,831,806	\$ 451,474	\$ 34,353,373

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City of Horseshoe Bay, Texas

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS**
September 30, 2024

Fund Balances - Total Governmental Funds		\$ 23,122,942
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,622,832
Capital assets - net depreciable		27,592,833
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		172,543
Assessments receivable		5,836,782
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure) until then.		
Deferred charge on refunding		116,542
Pension outflows		373,552
OPEB outflows		720
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Pension inflows		(10,124)
OPEB inflows		(26,218)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(426,418)
Compensated absences		(246,636)
Bond premium		(1,752,271)
Net pension liability		(162)
OPEB liability		(21,133)
Non-current liabilities due in one year		(1,311,352)
Non-current liabilities due in more than one year		(29,652,020)
		\$ 26,392,412

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2024

	<u>General</u>	<u>Summit Rock PID</u>	<u>Escondido PID</u>
<u>Revenues</u>			
Property tax	\$ 7,108,331	\$ -	\$ -
Sales tax	2,747,122	- -	- -
Franchise and local taxes	420,887	- -	- -
License and permits	1,008,454	- -	- -
Charges for services	1,172,550	- -	- -
Fire and police	484,747	- -	- -
Intergovernmental revenue	25,000	- -	- -
PID property assessments	- -	416,549	346,641
Investment income	728,197	6,132	40,956
Other revenue	104,876	- -	- -
Total Revenues	13,800,164	422,681	387,597
<u>Expenditures</u>			
Current:			
General government	2,734,161	- -	27,996
Police department	2,935,000	- -	- -
Development services	1,287,150	- -	- -
Fire	3,054,848	- -	- -
Animal control	166,872	- -	- -
Streets	820,652	- -	- -
Mowing and clearing	620,616	- -	- -
Technology services	230,164	- -	- -
Debt service:			
Principal	19,748	- -	243,000
Interest	1,968	230,431	84,557
Bond issuance costs	- -	- -	- -
Capital outlay	751,089	- -	- -
Total Expenditures	12,622,268	230,431	355,553
Excess of Revenues Over (Under) Expenditures	1,177,896	192,250	32,044

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,352,580	\$ 9,460,911
-	-	2,747,122
-	-	420,887
-	-	1,008,454
-	-	1,172,550
-	-	484,747
-	-	25,000
-	-	763,190
819,534	49,211	1,644,030
-	9,403	114,279
819,534	2,411,194	17,841,170

-	14,985	2,777,142
-	1,746	2,936,746
-	-	1,287,150
-	-	3,054,848
-	-	166,872
-	-	820,652
-	-	620,616
-	-	230,164
-	1,840,000	2,102,748
-	872,204	1,189,160
184,652	-	184,652
4,944,514	-	5,695,603
5,129,166	2,728,935	21,066,353
(4,309,632)	(317,741)	(3,225,183)

City of Horseshoe Bay, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	<u>General</u>	<u>Summit Rock PID</u>	<u>Escondido PID</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	\$ 841,830	\$ -	\$ -
Transfers (out)	(380,139)	-	-
Bond issuance	-	-	-
Premium from bond issuance	-	-	-
Sale of capital assets	14,587	-	-
Insurance recoveries	25,068	-	-
Total Other Financing Sources (Uses)	501,346	-	-
 Net Change in Fund Balances	 1,679,242	 192,250	 32,044
Beginning fund balances	7,389,439	(3,630,589)	853,282
Ending Fund Balances (Deficit)	\$ 9,068,681	\$ (3,438,339)	\$ 885,326

See Notes to Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 180,139	\$ 200,000	\$ 1,221,969
(489,063)	-	(869,202)
8,390,000	-	8,390,000
749,960	-	749,960
-	-	14,587
-	-	25,068
<u>8,831,036</u>	<u>200,000</u>	<u>9,532,382</u>
 4,521,404	 (117,741)	 6,307,199
 11,671,799	 531,812	 16,815,743
<u>\$ 16,193,203</u>	<u>\$ 414,071</u>	<u>\$ 23,122,942</u>

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City of Horseshoe Bay, Texas

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 6,307,199
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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	5,988,295
Depreciation expense	(2,548,303)
Capital assets transferred to business-type activities	(134,186)

Revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenues in the funds.

Property tax receivable	62,168
PID property assessments receivable	(415,057)

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	(29,533)
Accrued interest	(183,591)
Net pension liability	(5,389)
OPEB liability	(45,196)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(8,390,000)
Premiums on current debt issuance	(749,960)
Amortization of deferred charges on refunding	(15,010)
Amortization of premium on debt	114,502
Principal payments	2,102,748
Change in Net Position of Governmental Activities	\$ 2,058,687

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2024

	Utility
Assets	
Current Assets	
Cash and cash equivalents	\$ 4,884,880
Receivables, net	1,777,033
Due from other funds	243,742
	Total Current Assets
	6,905,655
Noncurrent Assets	
Advance to other funds	3,406,659
Capital assets:	
Non-depreciable	1,067,910
Net depreciable capital assets	25,853,563
	Total Noncurrent Assets
	30,328,132
	Total Assets
	37,233,787
Deferred Outflows of Resources	
Pension outflows	144,550
OPEB outflows	278
Deferred charge on refunding	1,850
	Total Deferred Outflows of Resources
	146,678
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	988,985
Accrued interest	76,882
Customer deposits	695,157
Unearned revenue	17,564
Compensated absences, current	48,861
Long-term debt due within a year	1,320,000
Due to other funds	26,077
	Total Current Liabilities
	3,173,526
Noncurrent Liabilities	
OPEB liability	8,178
Net pension liability	63
Compensated absences, noncurrent	5,429
Long-term debt due in more than a year	11,848,293
	Total Liabilities
	15,035,489
Deferred Inflows of Resources	
Pension inflows	3,918
OPEB inflows	10,145
	Total Deferred Inflows of Resources
	14,063
Net Position	
Net investment in capital assets	13,389,134
Unrestricted	8,941,779
	Total Net Position
	\$ 22,330,913

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION *PROPRIETARY FUND* *For the Year Ended September 30, 2024*

	<u>Utility</u>
<u>Operating Revenues</u>	
Charges for services	\$ 11,811,642
Other revenue	572,002
	Total Operating Revenues
	12,383,644
<u>Operating Expenses</u>	
Administration	1,762,842
Water production	1,848,414
Water distribution	1,308,053
Wastewater treatment	710,113
Wastewater collection	1,975,345
Solid waste recycling	1,354,954
Depreciation	2,005,662
	Total Operating Expenses
	10,965,383
	Operating Income (Loss)
	1,418,261
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	240,245
Gain on sale of property	36,189
Interest expense	(384,659)
Intergovernmental revenue	679,667
	Total Nonoperating Revenues (Expenses)
	571,442
	Income (Loss) Before Transfers
	1,989,703
Transfers in	623,249
Transfers (out)	(841,830)
	Change in Net Position
	1,771,122
Beginning net position	20,559,791
	Ending Net Position
	\$ 22,330,913

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2024

	<u>Utility</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 12,411,238
Payments to suppliers	(6,632,679)
Payments to employees	(1,741,473)
Receipts from (payments to) other funds	161,228
Net Cash Provided by Operating Activities	4,198,314
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating transfers (out)	(841,830)
Operating transfers in	489,063
Net Cash Provided (Used) by Noncapital Financing Activities	(352,767)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital purchases	(2,419,955)
Proceeds from sale of capital assets	36,189
Collections of advance to other funds	220,018
Capital grant	679,667
Principal paid on debt	(1,275,316)
Interest paid on debt	(447,346)
Net Cash (Used) by Capital and Related Financing Activities	(3,206,743)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	240,245
Net Cash Provided by Investing Activities	240,245
Net Increase (Decrease) in Cash and Cash Equivalents	879,049
Beginning cash and cash equivalents	4,005,831
Ending Cash and Cash Equivalents	\$ 4,884,880

See Notes to Financial Statements.

City of Horseshoe Bay, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Page 2 of 2)
For the Year Ended September 30, 2024

	<u>Utility</u>
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 1,418,261
Adjustments to reconcile operating income to net cash provided:	
Depreciation	2,005,662
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	9,810
Due from/to other funds	161,228
Net pension and deferrals	2,087
OPEB liability and deferrals	17,489
Increase (Decrease) in:	
Accounts payable and accrued liabilities	564,200
Compensated absences	1,793
Customer deposits	17,784
Net Cash Provided by Operating Activities	\$ 4,198,314
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>	
Capital assets transferred from governmental activities	\$ 134,186

See Notes to Financial Statements.

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City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

At a special election held on September 10, 2005, voters approved incorporation of the City of Horseshoe Bay, Texas (the “City”) as a Type A, General-Law Municipality. At a special election held on November 8, 2005, voters elected a mayor and five Council Members. In January 2006, the City approved a strategic partnership agreement with Lake LBJ Municipal Utility District (the “District”). Pursuant to the terms of the agreement, on March 6, 2006, the City annexed the District. All assets, liabilities, and equity of the District were transferred to the City and the District was subsequently dissolved. The City became a Home Rule City when a majority of the voters approved the Home Rule Charter at a special election held on May 9, 2009.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

C. Basis of Presentation Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and other taxes, licenses and permits, and charges for services. Expenditures include general government, public safety, and public works.

Summit Rock PID Fund

The Summit Rock PID fund is used to account for all activities of the Summit Rock Public Improvement District.

Escondido PID Fund

The Escondido PID fund is used to account for all activities of the Escondido Public Improvement District.

Capital Projects Fund

The Capital Projects fund is used to account for construction activities of governmental activities

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The government reports the following major enterprise fund:

Utility Fund

This fund is used to account for the provision of water, wastewater, and solid waste recycling services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems, and solid waste recycling services. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost (except for right-to-use lease assets, the measurement of which is discussed in Note 13) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 years
Equipment	7 years
Right-to-use leased assets	3 – 5 years
Infrastructure	20-40 years
Street improvements	20 years
Buildings and improvements	30 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and PID property assessments revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government adopted a policy for the general fund that requires a minimum cash flow reserve equal to or greater than \$2,500,000 or three months of total operating expenses, plus debt service reserves as required by debt indentures. As of September 30, 2024, the City was in compliance with this policy.

The government also adopted a policy for the water utility fund that requires excess funds each year to create a cash reserve. The target amount of the reserve fund will be three months of personnel and operating expenses. As of September 30, 2024, the City was in compliance with this policy.

11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

13. Leases

The City is a lessee for a noncancellable lease of office equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

14. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

15. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). The City has noncancelable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and enterprise funds.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

A. Deficit Fund Equity

The Summit PID fund had a deficit fund balance of \$3,438,339 as of September 30, 2024 primarily due to an advance owed to the Water Utility fund. The fund plans to repay the principal amounts owed with property assessment collections on residential lots sold. The assessment receivable is currently sufficient to repay the advance, but is offset with a deferred inflow of resources due to the long term nature of the receivable. The deficit will decrease as the advance is paid down with the assessment collections.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2024, the primary government had the following investments:

Investment Type	Value	Average Maturity (Years)
External investment pools	\$ 30,745,430	0.07
Total value	<u><u>\$ 30,745,430</u></u>	
Portfolio weighted average maturity		0.07

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed twelve months; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC full insured all deposit balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

TexasCLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Summit	Escondido	Nonmajor		Total
	Rock PID	PID		Govt.	Utility	
Property taxes	\$ 152,281	\$ -	\$ -	\$ 38,069	\$ -	\$ 190,350
Sales tax	443,966	-	-	-	-	443,966
Franchise & local taxes	106,362	-	-	-	-	106,362
Assessments - long-term	-	3,436,739	2,395,000	-	-	5,831,739
Assessments - delinq.	-	1,600	3,443	-	-	5,043
Liens	52,187	-	-	-	-	52,187
Accounts	46,086	-	-	-	1,953,256	1,999,342
Allowance	<u>(52,186)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,365)</u>	<u>(204,551)</u>
	<u>\$ 748,696</u>	<u>\$ 3,438,339</u>	<u>\$ 2,398,443</u>	<u>\$ 38,069</u>	<u>\$ 1,800,891</u>	<u>\$ 8,424,438</u>

The following schedule shows the future anticipated collections for assessments (principal) receivable at year end. All other receivables are expected to be fully collected within one year of the balance sheet date.

Year(s) ended:	Summit		Escondido	Total
	Rock PID	PID		
9/30/25	\$ 189,056	\$ 230,000		\$ 419,056
9/30/26	170,104	231,000		401,104
9/30/27	182,011	240,000		422,011
9/30/28	194,752	250,000		444,752
9/30/29	208,385	255,000		463,385
9/30/30 - 9/30/34	1,282,251	1,189,000		2,471,251
9/30/35 - 9/30/39	1,210,180	-		1,210,180
TOTAL	<u>\$ 3,436,739</u>	<u>\$ 2,395,000</u>		<u>\$ 5,831,739</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 146,856	\$ -	\$ -	\$ 146,856
Construction in progress	1,515,812	4,421,374	(3,586,530)	2,350,656
Total capital assets not being depreciated	<u>1,662,668</u>	<u>4,421,374</u>	<u>(3,586,530)</u>	<u>2,497,512</u>
Capital assets, being depreciated:				
Infrastructure	37,326,668	794,730	3,452,344	41,573,742
Buildings and improvements	4,558,478	-	-	4,558,478
Right to use leased equipment	76,206	-	-	76,206
Machinery and equipment	4,088,518	772,191	-	4,860,709
Total capital assets being depreciated	<u>46,049,870</u>	<u>1,566,921</u>	<u>3,452,344</u>	<u>51,069,135</u>
Less accumulated depreciation				
Infrastructure	14,861,740	2,004,239	-	16,865,979
Buildings and improvements	3,091,655	140,232	-	3,231,887
Right to use leased equipment	28,081	17,033	-	45,114
Machinery and equipment	2,946,523	386,799	-	3,333,322
Total accumulated depreciation	<u>20,927,999</u>	<u>2,548,303</u>	<u>-</u>	<u>23,476,302</u>
Net capital assets being depreciated	<u>25,121,871</u>	<u>(981,382)</u>	<u>3,452,344</u>	<u>27,592,833</u>
Total Capital Assets	<u>\$ 26,784,539</u>	<u>\$ 3,439,992</u>	<u>\$ (134,186)</u>	<u>\$ 30,090,345</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 68,408
Public safety	421,724
Streets	2,023,222
Development services	21,961
Culture and recreation	12,988
Total Governmental Activities Depreciation Expense	<u>\$ 2,548,303</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Disposals /</u> <u>Reclassifications</u>	<u>Ending</u> <u>Balances</u>
Capital assets, not being depreciated:				
Land	\$ 419,561	\$ 648,349	\$ -	\$ 1,067,910
Total capital assets not being depreciated	<u>419,561</u>	<u>648,349</u>	<u>-</u>	<u>1,067,910</u>
Capital assets, being depreciated:				
Infrastructure	56,013,631	998,345	134,186	57,146,162
Buildings and improvements	1,268,626	29,557	-	1,298,183
Right to use assets	7,504	-	-	7,504
Machinery and equipment	4,501,621	743,704	(310,316)	4,935,009
Total capital assets being depreciated	<u>61,791,382</u>	<u>1,771,606</u>	<u>(176,130)</u>	<u>63,386,858</u>
Less accumulated depreciation				
Infrastructure	31,513,839	1,627,284	-	33,141,123
Buildings and improvements	843,940	48,929	-	892,869
Right to use assets	7,504	-		7,504
Machinery and equipment	3,472,666	329,449	(310,316)	3,491,799
Total accumulated depreciation	<u>35,837,949</u>	<u>2,005,662</u>	<u>(310,316)</u>	<u>37,533,295</u>
Net capital assets being depreciated	25,953,433	(234,056)	134,186	25,853,563
Total Capital Assets	<u>\$ 26,372,994</u>	<u>\$ 414,293</u>	<u>\$ 134,186</u>	<u>\$ 26,921,473</u>

Depreciation was charged to business-type activities as follows:

Utility	\$ 2,005,662
Total Business-type Activities Depreciation Expense	<u>\$ 2,005,662</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. The City uses the debt service fund to liquidate the majority of governmental activities debts.

	Beginning Balance	Additions	Decreases	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Combination Tax and Revenue					
Certificates of Obligation	\$ 11,610,000	\$ 8,390,000	\$ (1,460,000)	\$ 18,540,000	\$ 615,000
General Obligation Bonds	10,170,000	-	(380,000)	9,790,000	450,000
PID Special Assessments Bond	2,845,000	-	(243,000)	2,602,000	230,000
Lease liabilities	51,120	-	(19,748)	31,372	16,352
Less deferred amounts:					
For issuance premiums	1,116,813	749,960	(114,502)	1,752,271	-
Total Governmental Activities	<u>\$ 25,792,933</u>	<u>\$ 9,139,960</u>	<u>\$ (2,217,250)</u>	<u>\$ 32,715,643</u>	<u>\$ 1,311,352</u>
Long-term liabilities due in more than one year				<u>\$ 31,404,291</u>	
Business-Type Activities:					
General Obligation Bonds	\$ 3,480,000	\$ -	\$ (665,000)	\$ 2,815,000	\$ 685,000
Certificates of Obligation	10,465,000	-	(610,000)	9,855,000	635,000
Lease liabilities	316	-	(316)	-	-
Less deferred amounts:					
For issuance premiums	561,324	-	(63,031)	498,293	-
Total Business-Type Activities	<u>\$ 14,506,640</u>	<u>\$ -</u>	<u>\$ (1,338,347)</u>	<u>\$ 13,168,293</u>	<u>\$ 1,320,000</u>
Long-term liabilities due in more than one year				<u>\$ 11,848,293</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business- Type Activities	Total
Certificates of Obligation:			
\$9,800,000 Certificates of Obligation, Series 2014, due in annual installments through 2039, interest at 2-3.75%	\$ 2,785,000	\$ 3,215,000	\$ 6,000,000
\$3,770,000 Certificates of Obligation, Series 2016, due in annual installments through 2031, interest at 2-4%	225,000	1,500,000	1,725,000
\$5,920,000 Certificates of Obligation, Series 2019, due in annual installments through 2039, interest at 2-4%	-	5,140,000	5,140,000
\$3,925,000 Certificates of Obligation, Series 2020, due in annual installments through 2039, interest at 2%	3,400,000	-	3,400,000
\$4,050,000 Certificates of Obligation, Series 2022, due in annual installments through 2042, interest at 5%	3,740,000	-	3,740,000
\$8,390,000 Certificates of Obligation, Series 2024, due in annual installments through 2044, interest at 2%-4.265%	8,390,000	-	8,390,000
Total Certificates of Obligation	\$ 18,540,000	\$ 9,855,000	\$ 28,395,000
PID Special Assessment Bond:			
\$3,270,000 PID Special Assessment Bond, Series 2020, due in annual installments through 2034, interest at 3-3.25%	\$ 2,602,000	\$ -	\$ 2,602,000
General Obligation Bonds:			
\$7,500,000 General Obligation, Series 2007, due in installments through 2027, interest at 4.04%	\$ -	\$ 1,515,000	\$ 1,515,000
\$7,500,000 General Obligation Refunding Bonds, Series 2020, due in installments through 2030, interest at 2-5%	2,065,000	1,300,000	3,365,000
\$7,795,000 General Obligation Refunding Bonds, Series 2023, due in installments through 2053, interest at 4-5%	7,725,000	-	7,725,000
Total General Obligation Bonds	\$ 9,790,000	\$ 2,815,000	\$ 12,605,000
Less deferred amounts:			
Issuance premium	\$ 1,752,271	\$ 498,293	\$ 2,250,564
Lease Liabilities	\$ 31,372	\$ -	\$ 31,372
Total Debt	<u>\$ 32,715,643</u>	<u>\$ 13,168,293</u>	<u>\$ 45,883,936</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation		2020 Prop. Assess. Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 450,000	\$ 412,063	\$ 615,000	\$ 877,112	\$ 230,000	\$ 77,133
2026	465,000	400,363	915,000	680,228	231,000	69,863
2027	475,000	384,963	835,000	644,903	240,000	62,798
2028	490,000	365,763	875,000	612,346	250,000	55,448
2029	515,000	344,413	910,000	577,871	255,000	47,873
2030	535,000	320,088	940,000	542,053	265,000	40,073
2031	170,000	302,713	975,000	504,740	264,000	32,138
2032	180,000	294,213	1,025,000	465,763	285,000	23,546
2033	190,000	285,213	1,065,000	424,446	290,000	14,203
2034	200,000	275,713	1,105,000	381,185	292,000	4,745
2035	205,000	265,713	1,140,000	339,800	-	-
2036	220,000	255,463	1,195,000	298,400	-	-
2037	230,000	244,463	995,000	259,794	-	-
2038	240,000	232,963	975,000	225,688	-	-
2039	250,000	220,963	1,005,000	191,388	-	-
2040	265,000	208,463	1,050,000	155,663	-	-
2041	280,000	195,213	835,000	118,225	-	-
2042	290,000	181,213	865,000	84,125	-	-
2043	305,000	166,713	600,000	48,800	-	-
2044	320,000	154,513	620,000	24,800	-	-
2045	330,000	141,713	-	-	-	-
2046	345,000	128,513	-	-	-	-
2047	360,000	114,713	-	-	-	-
2048	375,000	100,313	-	-	-	-
2049	390,000	85,313	-	-	-	-
2050	405,000	69,713	-	-	-	-
2051	420,000	53,513	-	-	-	-
2052	435,000	36,713	-	-	-	-
2053	455,000	18,769	-	-	-	-
	\$ 9,790,000	\$ 6,260,458	\$ 18,540,000	\$ 7,457,330	\$ 2,602,000	\$ 427,820

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The PID special assessment bond is secured solely by the pledged property assessments revenue for the related properties within the Escondido PID area. The debt is repaid with property assessments by the respective homeowners. The City is not obligated to pay the bonds from any funds raised from taxation or from any other revenues available to the City. The City through their designated trustee and third-party administrator set up a separate fund used to service the bond, collect the property assessments, and for initiating any future foreclosures.

Year ending September 30,	Governmental Activities	
	Leases	
	Principal	Interest
2025	\$ 16,352	\$ 955
2026	9,852	448
2027	5,168	115
	<u>\$ 31,372</u>	<u>\$ 1,518</u>

The City entered into a four separate five-year lease agreement as a lessee for the acquisition and use of office equipment. The total initial lease liability for these agreements was recorded in the amount of \$85,163. As of September 30, 2024, the value of the lease liability was \$31,372. The City is required to make monthly principal and interest payments ranging from of \$186 to \$658. The leases have an interest rate of 4%. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$76,206, and had accumulated amortization of \$45,114.

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Business-Type Activities			
	2007 G.O. Bond		2020 G.O. Bond	
	Principal	Interest	Principal	Interest
2025	\$ 485,000	\$ 61,206	\$ 200,000	\$ 44,400
2026	505,000	41,612	200,000	40,400
2027	525,000	21,210	210,000	34,200
2028	-	-	220,000	25,600
2029	-	-	230,000	16,600
2030	-	-	240,000	6,000
	<u>\$ 1,515,000</u>	<u>\$ 124,028</u>	<u>\$ 1,300,000</u>	<u>\$ 167,200</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Year ending September 30,	Business-Type Activities					
	2014 C.O.O.		2016 C.O.O.		2019 C.O.O.	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 165,000	\$ 109,085	\$ 190,000	\$ 60,000	\$ 280,000	\$ 125,650
2026	165,000	104,135	200,000	52,400	295,000	114,450
2027	175,000	99,035	205,000	44,400	305,000	102,650
2028	180,000	93,485	215,000	36,200	315,000	90,450
2029	185,000	87,554	220,000	27,600	325,000	84,150
2030	195,000	81,379	230,000	18,800	330,000	77,650
2031	200,000	74,960	240,000	9,600	335,000	71,050
2032	210,000	68,088	-	-	345,000	64,350
2033	220,000	60,670	-	-	350,000	57,450
2034	225,000	52,994	-	-	355,000	50,450
2035	235,000	44,413	-	-	365,000	42,906
2036	250,000	34,713	-	-	370,000	35,150
2037	260,000	25,000	-	-	380,000	26,825
2038	270,000	15,394	-	-	390,000	18,275
2039	280,000	5,250	-	-	400,000	9,500
	\$ 3,215,000	\$ 956,153	\$ 1,500,000	\$ 249,000	\$ 5,140,000	\$ 970,956

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2024

E. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 217,103	\$ 224,926	\$ (195,393)	\$ 246,636	\$ 221,972
Total Governmental Activities	<u>\$ 217,103</u>	<u>\$ 224,926</u>	<u>\$ (195,393)</u>	<u>\$ 246,636</u>	<u>\$ 221,972</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 24,664</u>	
Business-Type Activities:					
Compensated Absences	\$ 52,497	\$ 1,793	\$ -	\$ 54,290	\$ 48,861
Total Business-Type Activities	<u>\$ 52,497</u>	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ 54,290</u>	<u>\$ 48,861</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 5,429</u>	

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2019 general obligation refunding bonds and 2020 series refunding special assessment bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding debts. Current year balances for governmental and business-type activities totaled \$116,542 and \$1,850, respectively. Current year amortization expense for governmental and business-type activities totaled \$15,010 and \$344, respectively.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

G. Interfund Transactions

Transfers between the primary government funds during the 2024 year were as follows:

Transfers out:	Transfers In:					Total
	General	Capital Projects	Nonmajor Govt	Utility		
Utility	\$ 841,830	\$ -	\$ -	\$ -	\$ -	\$ 841,830
General	-	180,139	200,000	-	-	380,139
Capital projects	-	-	-	489,063	-	489,063
Govt. activities	*	-	-	134,186	*	134,186
	\$ 841,830	\$ 180,139	\$ 200,000	\$ 623,249		\$ 1,845,218

*This represents the carrying value of capital assets transferred from governmental activities to the utility fund in the current year.

The compositions of interfund due to/from balances as of the year ended September 30, 2024 were as follows:

Due to: (Payable Fund)	Due from: (Receivable Fund)				
	General	Capital Projects	Nonmajor Govt.	Utility	Total
Capital projects	\$ -	\$ -	\$ -	\$ 197,098	\$ 197,098
General	-	31,982	28,094	-	60,076
Summit Rock PID	-	-	-	46,644	46,644
Utility	26,077	-	-	-	26,077
Total	\$ 26,077	\$ 31,982	\$ 28,094	\$ 243,742	\$ 329,895

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The compositions of interfund advances to/from balances as of the year ended September 30, 2024 were as follows:

<u>Advances to:</u>	<u>Advances from:</u>		<u>Total</u>
	<u>Summit Rock PID</u>	<u>Total</u>	
Utility	\$ 3,406,659	\$ 3,406,659	
Total	\$ 3,406,659	\$ 3,406,659	

The amount indicated as an “advance to/from” within the table above relates to the remaining balance of the note between the Summit Rock PID and the City to finance water and wastewater capital improvements for the Summit Rock PID area. This note accrues interest between 3% and 7% at an interest rate of prime, and is being repaid with annual property assessments collected by the Summit Rock PID.

H. Restricted/Committed Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of net position/fund balances restricted by the City:

	Governmental Funds Restricted	Governmental Activities Restricted	Business-Type Activities Restricted
Court tech. and security	\$ 20,715 *	\$ 20,715	\$ -
Vehicle replacement	200,000 *	200,000	-
Child safety	29,887 *	29,887	-
PID activities, including debt service	885,326	3,283,769	-
Debt service	163,469	163,469	-
Capital projects	16,193,203	-	-
	\$ 17,492,600	\$ 3,697,840	\$ -

* Restricted by enabling legislation

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

V. 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; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting 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 amounts 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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does not anticipate that it will have an arbitrage liability and performs periodic calculations to estimate whether any potential liability exists.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Horseshoe Bay participates as one of 921 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI
Supplemental death benefit to active employees	Yes	Yes
Supplemental death benefit to retirees	Yes	Yes

Employees covered by benefit terms

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

	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	11
Active employees	105
Total	116

3. Contributions

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

Employees for the City of Horseshoe Bay, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City of Horseshoe Bay, Texas was 8.02% and 8.31% for the calendar year 2024 and 2023,

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$695,201 and were \$17,998 greater than the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.6% to 11.85%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 1, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel Roeder Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Real Return	12.0%	8.0%
Real Estate	12.0%	7.6%
Absolute Return	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 203,142	\$ 225	\$ (165,266)

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at 12/31/22	\$ 43,550	\$ 45,000	\$ (1,450)
Changes for the year:			
Service Cost	1,196,267	-	1,196,267
Interest (on the Total Pension Liab.)	42,830	-	42,830
Change in benefit terms	-	-	-
Difference between expected and actual experience	(3,277)	-	(3,277)
Changes of assumptions	(10,309)	-	(10,309)
Contributions – employer	-	661,409	(661,409)
Contributions – employee	-	557,144	(557,144)
Net investment income (loss)	-	5,316	(5,316)
Benefit payments, including refunds of emp. contributions	(14,318)	(14,318)	-
Administrative expense	-	(33)	33
Other changes	-	-	-
Net changes	1,211,193	1,209,518	1,675
Balance at 12/31/23	\$ 1,254,743	\$ 1,254,518	\$ 225

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$677,124.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The general fund and utility fund are used to liquidate pension liabilities.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ -	\$ (1,823)
Changes in assumptions	- -	(9,272)
Investment experience	- -	(2,947)
Contributions subsequent to the measurement date	518,102	- -
Total	\$ 518,102	\$ (14,042)

The City reported \$518,102 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

Deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ (1,824)
2025	(1,824)
2026	(1,824)
2027	(1,824)
2028	(1,368)
Thereafter	(5,378)
	<hr style="border-top: 1px solid black;"/>
	\$ (14,042)

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

City of Horseshoe Bay, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. 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. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	105
Total	109

The City's contributions to the TMRS SDBF for the year ended September 30, 2024 were \$0.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2024

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). For disabled annuitants, the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

1% Decrease	Current Single Rate	1% Increase
2.77%	Assumption 3.77%	4.77%
<u>\$ 36,037</u>	<u>\$ 29,311</u>	<u>\$ 24,193</u>

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/21	<u>\$ 1,518</u>
Changes for the year:	
Service Cost	65,265
Interest	1,383
Difference between expected and actual experience	(40,432)
Changes of assumptions	1,577
Net changes	<u>27,793</u>
Balance at 12/31/22	<u><u>\$ 29,311</u></u>

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$62,686.

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2024

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (36,363)
Changes in assumptions	998	-
Total	\$ 998	\$ (36,363)

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (3,962)
2025	(3,962)
2026	(3,962)
2027	(3,962)
2028	(3,962)
Thereafter	(15,555)
	<u>\$ (35,365)</u>

The OPEB plan is not administered through a trust, or equivalent arrangement, and there are no assets accumulated in a GASB-compliant trust.

E. Restatement

Due to errors in the assessment receivable for the Summit Rock PID and donated land not recorded, the City restated beginning net position for governmental activities. The restatement was as follows:

	Governmental Activities
Prior year ending net position, as reported	\$ 24,483,283
Reduction in assessment receivable	(274,878)
Donated land	125,320
Restated beginning net position	<u>\$ 24,333,725</u>

City of Horseshoe Bay, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
September 30, 2024

F. Subsequent Events

Subsequent events were evaluated through January 13, 2025, the date the financial statements were available to be issued.

On October 21, 2024 there was a chemical spill within the City. As of the date this report was issued the City has spent approximately \$930,000 on cleanup efforts. These efforts are ongoing and the cost to the City is unknown, but is expected to increase.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Horseshoe Bay, Texas

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Page 1 of 2)*
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues</u>				
Property tax	\$ 7,152,586	\$ 7,109,586	\$ 7,108,331	\$ (1,255)
Sales tax	3,000,000	2,740,000	2,747,122	7,122
Franchise and local taxes	365,000	417,000	420,887	3,887
License and permits	671,000	1,013,000	1,008,454	(4,546)
Charges for services	1,273,700	1,175,700	1,172,550	(3,150)
Intergovernmental revenue	-	25,000	25,000	-
Fire and police	422,000	487,600	484,747	(2,853)
Investment income	100,000	729,000	728,197	(803)
Other revenue	175,550	106,500	104,876	(1,624)
Total Revenues	13,159,836	13,803,386	13,800,164	(3,222)
<u>Expenditures</u>				
Current:				
General government	2,911,500	2,749,500	2,734,161	15,339
Police department	3,001,750	2,943,750	2,935,000	8,750
Development services	1,348,500	1,297,500	1,287,150	10,350
Fire	3,019,750	3,067,750	3,054,848	12,902
Animal control	173,500	171,500	166,872	4,628
Streets	941,350	832,150	820,652	11,498
Mowing and clearing	655,000	622,000	620,616	1,384
Technology services	242,300	234,300	230,164	4,136
Debt service:				
Principal	12,500	20,500	19,748	752
Interest	2,000	2,000	1,968	32
Capital outlay	434,000	752,575	751,089	1,486
Total Expenditures	12,742,150	12,693,525	12,622,268	71,257
Revenues Over (Under)				
Expenditures	\$ 417,686	\$ 1,109,861	\$ 1,177,896	\$ 68,035

City of Horseshoe Bay, Texas

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Page 2 of 2)*
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Other Financing Sources (Uses)				
Transfers in	\$ 600,000	\$ 841,830	\$ 841,830	\$ -
Transfers (out)	(1,062,686)	(381,000)	(380,139)	861
Sale of capital assets	10,000	15,500	14,587	(913)
Insurance recoveries	35,000	25,700	25,068	(632)
Total Other Financing Sources (Uses)	(417,686)	502,030	501,346	(684)
Net Change in Fund Balance	\$ -	\$ 1,611,891	1,679,242	\$ 67,351
Beginning fund balance			7,389,439	
Ending Fund Balance			\$ 9,068,681	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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City of Horseshoe Bay, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended December 31,

	¹ <u>12/31/2022</u>	<u>12/31/2023</u>
Total pension liability		
Service cost	\$ 44,177	\$ 1,196,267
Interest	1,357	42,830
Changes in benefit terms (TMRS Plan Participation)	(1,984)	-
Difference between expected and actual experience	-	(3,277)
Changes in assumptions	-	(10,309)
Benefit payments, including refunds of employee contributions	-	(14,318)
Net change in total pension liability	<u>43,550</u>	<u>1,211,193</u>
Total pension liability - beginning	<u>-</u>	<u>43,550</u>
Total pension liability - ending (a)	<u>\$ 43,550</u>	<u>\$ 1,254,743</u>
Plan fiduciary net position		
Contributions - employer	\$ 24,425	\$ 661,409
Contributions - members	20,575	557,144
Net investment income	-	5,316
Benefit payments, including refunds of employee contributions	-	(14,318)
Administrative expense	-	(33)
Net change in plan fiduciary net position	<u>45,000</u>	<u>1,209,518</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>45,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 45,000</u>	<u>\$ 1,254,518</u>
Fund's net pension liability (asset) - ending (a) - (b)	<u><u>\$ (1,450)</u></u>	<u><u>\$ 225</u></u>
Plan fiduciary net position as a percentage of the total pension liability	103.33%	99.98%
Covered payroll	\$ 293,924	\$ 7,959,196
Fund's net position as a percentage of covered payroll	-0.49%	0.00%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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City of Horseshoe Bay, Texas
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
Years Ended:

	<u>9/30/2023</u>	<u>9/30/2024</u>	1
Actuarially determined employer contributions	\$ 526,434	\$ 677,503	
Contributions in relation to the actuarially determined contribution	\$ 526,434	\$ 677,503	
Contribution deficiency (excess)	\$ -	\$ -	
Annual covered employee payroll	\$ 6,334,940	\$ 8,378,311	
Employer contributions as a percentage of covered employee payroll	8.31%	8.09%	

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent
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Other Information:

Notes	There were no benefit changes during the year.
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City of Horseshoe Bay, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS *TEXAS MUNICIPAL RETIREMENT SYSTEM*

Year Ended December 31,

	¹	2022	2023
Total OPEB liability			
Service cost	\$	2,025	\$ 65,265
Interest		19	1,383
Changes of assumptions		(526)	1,577
Differences between expected and actual experience		-	(40,432)
Net changes		<u>1,518</u>	<u>27,793</u>
Total OPEB liability - beginning		<u>-</u>	<u>1,518</u>
Total OPEB liability - ending (a)	<u>\$ 1,518</u>	<u>\$ 29,311</u>	
 Covered-employee payroll			
Total OPEB Liability as a percentage of		\$ 293,924	\$ 7,959,196
		0.52%	0.37%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

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COMBINING STATEMENTS

City of Horseshoe Bay, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2024

	Debt Service	Vehicle Replacement	Police Dept. Seizure
Assets			
Cash and cash equivalents	\$ 135,375	\$ 200,000	\$ -
Accounts receivable, net	37,403	-	-
Due from other funds	28,094	-	-
Total Assets	\$ 200,872	\$ 200,000	\$ -
Deferred Inflows of Resources			
Unavailable revenue:			
Property taxes	37,403	-	-
Total Deferred Inflows of Resources	37,403	-	-
Fund Balances			
Restricted for:			
Debt service	163,469	-	-
Court	-	-	-
Vehicle replacement	-	200,000	-
Total Fund Balances	163,469	200,000	-
Total Liabilities, Fund Balances, and Deferred Inflows of Resources	\$ 200,872	\$ 200,000	\$ -

Court Child Safety	Court Technology	Court Security	Total
\$ 29,887	\$ 7,757	\$ 12,958	\$ 385,977
-	-	-	37,403
-	-	-	28,094
\$ 29,887	\$ 7,757	\$ 12,958	\$ 451,474
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	37,403
-	-	-	37,403
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	163,469
29,887	7,757	12,958	50,602
-	-	-	200,000
29,887	7,757	12,958	414,071
<hr/>	<hr/>	<hr/>	<hr/>
\$ 29,887	\$ 7,757	\$ 12,958	\$ 451,474

City of Horseshoe Bay, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Debt Service	Vehicle Replacement	Police Dept. Seizure
<u>Revenues</u>			
Property tax	\$ 2,352,580	\$ -	\$ -
Investment income	49,211	-	-
Other revenue	-	-	-
Total Revenues	2,401,791	-	-
<u>Expenditures</u>			
General government	-	-	8,985
Public safety	-	-	-
Debt Service:			
Principal	1,840,000	-	-
Interest and fiscal charges	872,204	-	-
Total Expenditures	2,712,204	-	8,985
Revenues Over (Under) Expenditures	(310,413)	-	(8,985)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	200,000	-
Total Other Financing Sources (Uses)	-	200,000	-
Net Change in Fund Balances	(310,413)	200,000	(8,985)
Beginning fund balances	473,882	-	8,985
Ending Fund Balances	\$ 163,469	\$ 200,000	\$ -

Court Child Safety	Court Technology	Court Security	Total
\$ -	\$ -	\$ -	\$ 2,352,580
-	-	-	49,211
6,421	1,346	1,636	9,403
<u>6,421</u>	<u>1,346</u>	<u>1,636</u>	<u>2,411,194</u>
6,000	-	-	14,985
-	1,711	35	1,746
-	-	-	1,840,000
-	-	-	872,204
<u>6,000</u>	<u>1,711</u>	<u>35</u>	<u>2,728,935</u>
<u>421</u>	<u>(365)</u>	<u>1,601</u>	<u>(317,741)</u>
-	-	-	200,000
-	-	-	200,000
421	(365)	1,601	(117,741)
<u>29,466</u>	<u>8,122</u>	<u>11,357</u>	<u>531,812</u>
<u>\$ 29,887</u>	<u>\$ 7,757</u>	<u>\$ 12,958</u>	<u>\$ 414,071</u>