

# CITY OF WOODCREEK, TEXAS

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023

**abip**  
CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



# CITY OF WOODCREEK, TEXAS

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Woodcreek, Texas

### ***Opinion***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

ABP, PC

San Antonio, Texas  
April 24, 2024



**CITY OF WOODCREEK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**For the year ended September 30, 2023**

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Woodcreek, Texas (the "City") for the fiscal year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

### **Financial Highlights**

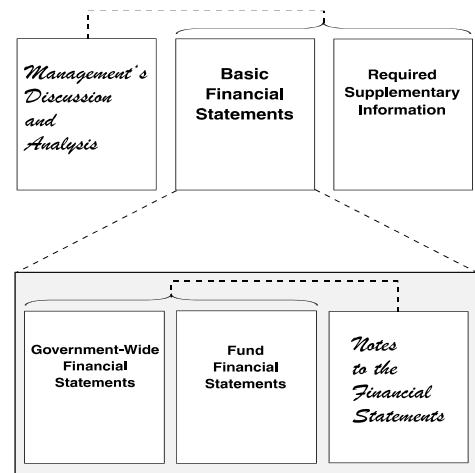
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2023 by \$3,292,707. Of this amount \$1,139,160 (unrestricted net position), may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total cost of all City activities was \$1,006,150 for the fiscal year. The net expense after charges for services and operating grants and contributions was \$753,650.
- During the year, the City issued City of Woodcreek General Obligation Bonds, Series 2023 in the amount of \$3,495,000.
- At September 30, 2023 the City's governmental funds reported combined ending fund balances of \$4,642,684, a net increase of \$3,018,803 which was primarily due to the bond issuance during the fiscal year.
- At September 30, 2023 the unassigned fund balance for the general fund was \$122,979 which represents a month of general fund average expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

**Figure A-1, Required Components of the City's Annual Financial Report**

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

This discussion and analysis is intended to serve as an introduction to the City of Woodcreek'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) notes to the basic financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information for the City as a whole. These statements include transactions and balances relating to all assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between these 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 nonfinancial factors, such as the City's property tax base 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the City's financials as one class of activities:

- **Governmental Activities** – The City's basic services, for general government, are reported here. Property tax, sales tax, and franchise taxes finance most of these activities.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The one category of City funds is governmental.

### **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 balances of spendable resources available at the end of the fiscal 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 doing so, readers may better understand the long-term impact of the City'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 maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund is always considered a major fund for reporting purposes.

The City adopts an annual appropriated budget for its general fund and debt service fund. A budgetary comparison schedule has been provided for the general fund and debt service fund to demonstrate compliance with this budget.

### **Notes to the 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 to the financial statements are the last section of the basic financial statements.

### **Other Information**

In addition to the basic financial statements, MD&A, and the accompanying notes, this report also presents Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and debt service fund, a schedule of changes in net position liability and other postemployment benefit (OPEB) liability and related ratios and a schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

The other supplementary information referred to earlier in connection with the basic financial statements is presented immediately following the required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,292,707 at year end. A portion of the City's net position, 64%, reflects its investments in capital assets (e.g., land and City Hall, etc.) less any debt used to acquire those assets that is still outstanding and unspent bond proceeds. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

## Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

TABLE 1  
CITY OF WOODCREEK'S NET POSITION

	GOVERNMENTAL ACTIVITIES	
	2023	2022
<b>Assets:</b>		
Current and other assets	\$ 4,780,676	\$ 1,684,246
Net pension asset	14,290	36,004
Capital assets, net	<u>2,201,425</u>	<u>1,899,107</u>
 Total assets	 <u>6,996,391</u>	 <u>3,619,357</u>
 <b>Deferred outflows of resources:</b>		
Deferred outflows of resources - pensions	29,788	15,329
Deferred outflows of resources - OPEB	<u>909</u>	<u>750</u>
 Total deferred outflows of resources	 <u>30,697</u>	 <u>16,079</u>
 <b>Liabilities:</b>		
Other current liabilities	321,554	267,597
Long-term liabilities	3,389,894	217,830
OPEB liability	<u>12,785</u>	<u>21,758</u>
 Total liabilities	 <u>3,724,233</u>	 <u>507,185</u>
 <b>Deferred inflows of resources - pension</b>	6,435	2,807
 Deferred inflows of resources - OPEB	<u>3,713</u>	<u>19,751</u>
 Total deferred inflows of resources	 <u>10,148</u>	 <u>22,558</u>
 <b>Net position:</b>		
Investment in capital assets	2,099,574	1,462,277
Restricted	53,973	74,827
Unrestricted	<u>1,139,160</u>	<u>1,568,589</u>
 Total net position	 <u>\$ 3,292,707</u>	 <u>\$ 3,105,693</u>

A portion of the City's net position, \$2,099,574 or 64% represents the City's current investment in capital assets. A portion of the City's net position, \$53,973, or 2%, represents amounts restricted for pension asset, court security, court technology, governmental access channels ("PEG"), and debt service. The remaining balance of net position, \$1,139,160 or 35%, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

## Statement of Activities:

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

TABLE 2  
CITY OF WOODCREEK'S CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES	
	2023	2022
<b>REVENUES:</b>		
Program revenues:		
Charges for services	\$ 49,790	\$ 29,645
Operating grants and contributions	202,710	427,221
General revenues:		
Property taxes	587,435	574,750
Sales taxes	94,194	90,058
Franchise and local taxes	139,683	212,001
Investment income	108,117	9,339
Other revenues	<u>11,235</u>	<u>14,430</u>
Total revenues	<u>1,193,164</u>	<u>1,357,444</u>
<b>EXPENSES:</b>		
General government	854,881	667,916
Interest fees on debt	<u>151,269</u>	<u>9,595</u>
Total expenses	<u>1,006,150</u>	<u>677,511</u>
Change in net position	187,014	679,933
NET POSITION, BEGINNING	<u>3,105,693</u>	<u>2,354,539</u>
RESTATEMENT OF NET POSITION	-	71,221
NET POSITION, ENDING	<u>\$ 3,292,707</u>	<u>\$ 3,105,693</u>

For the year ended September 30, 2023, revenues from governmental activities totaled \$1,193,164. Overall, governmental revenues decreased by 12% mainly due to the spending of the COVID-19 grant revenues in the prior year.

For the year ended September 30, 2023, expenses for governmental activities totaled \$1,006,150, which is an increase of \$328,639. This increase is mainly due to issuance costs for the new debt as well as tree trimming expenses during the current year.

## **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 on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City reported the general fund, the debt service fund, and the capital projects funds as major governmental funds. The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$122,979 while total fund balance reached \$1,149,391. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11% of total general fund expenditures, while total fund balance represents 99% of that same amount.

The City's governmental funds reflects a total fund balance of \$4,642,684. Of the total governmental fund balance, \$4,906 is committed for tree fund; \$3,798 is committed for the park fund; \$426,784 and \$576,289 has been assigned by management for ARP and other capital projects, respectively; \$20 and \$26 is restricted for court security and court technology, respectively; \$14,589 is restricted for Public, Educational, and Governmental Access channels ("PEG"); \$3,468,245 is restricted for capital projects related to the GO Bonds, Series 2023; \$25,048 is restricted for debt service, and the remaining balance of \$122,979 is unassigned.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

For the year, the general fund had a negative budget variance of (\$727,898) from the final budget. This variance was primarily due to the City spending more in professional fees and capital outlay than anticipated as well as the transfers to payoff existing debt. The City's actual revenues were more than budgeted revenues by \$22,963 with the largest variances sales taxes, charges for services, and investment income.

### **DEBT SERVICE FUND BUDGETARY HIGHLIGHTS**

For the year, the debt service fund had a negative budget variance of (\$388) from the final budget. This variance was primarily due to property tax collections.

### **CAPITAL ASSETS**

At the end of 2023, the City's governmental activities had invested \$2,201,425 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of \$302,318 compared to last year.

Major capital asset events during the year included the following:

- Buildings and improvements

More detailed information about the City's capital assets is presented in note 3 to the financial statements.

## **LONG TERM DEBT**

At the end of the current year, the City had total bonds outstanding of \$3,495,000. This balance is related to the Series 2023 general obligation bonds that the City issued at the end of the 2023 fiscal year.

More detailed information about the City's long-term debt is presented in note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The fiscal year 2023-2024 adopted appropriations for the general fund is \$749,130. The adopted appropriations for the debt service fund is \$346,741.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Woodcreek's finances and to show the City's accountability to its taxpayers. Questions concerning this report or requests for additional financial information should be directed to the City Manager, City of Woodcreek, 41 Champion Circle, Wimberly, Texas 78676; telephone (512) 847-9390.

*The City of*  
**Woodcreek**  
IN THE MIDST OF THE TEXAS HILL COUNTRY

## **BASIC FINANCIAL STATEMENTS**



**CITY OF WOODCREEK, TEXAS**

**STATEMENT OF NET POSITION**

**September 30, 2023**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 4,719,950
Receivables (net of allowance for uncollectibles)	60,726
Total current assets	<u>4,780,676</u>
<b>Noncurrent assets:</b>	
Net pension asset	14,290
Nondepreciable capital assets	459,092
Net depreciable capital assets	<u>1,742,333</u>
Total noncurrent assets	<u>2,215,715</u>
Total assets	<u>6,996,391</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	29,788
Deferred outflows related to OPEB	909
Total deferred outflows of resources	<u>30,697</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	113,438
Accrued wages	9,176
Accrued interest	13,445
Due to other governments	495
<b>Noncurrent liabilities:</b>	
OPEB liability	12,785
Compensated absences	4,798
Long-term liabilities due within one year	185,000
Long-term liabilities due in more than one year	<u>3,385,096</u>
Total liabilities	<u>3,724,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	3,713
Deferred inflows related to OPEB	<u>6,435</u>
Total deferred inflows of resources	<u>10,148</u>
<b>NET POSITION</b>	
Investment in capital assets	2,099,574
<b>Restricted:</b>	
Net pension asset	14,290
Court security	20
Court technology	26
PEG funds	14,589
Debt service	25,048
<b>Unrestricted</b>	
Total net position	<u>1,139,160</u>
	<u>\$ 3,292,707</u>

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

**CITY OF WOODCREEK, TEXAS**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
General government	\$ 854,881	\$ 49,790	\$ 202,710	\$ 602,381
Interest and other costs	151,269	-	-	151,269
Total governmental activities	<u>\$ 1,006,150</u>	<u>\$ 49,790</u>	<u>\$ 202,710</u>	<u>\$ 753,650</u>
General revenues				
Taxes:				
Property taxes				587,435
Sales tax				94,194
Franchise and local taxes				139,683
Investment income				108,117
Other revenue				11,235
Total general revenues				940,664
Change in net position				187,014
Net position - beginning				<u>3,105,693</u>
Net position - ending				<u>\$ 3,292,707</u>

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

**CITY OF WOODCREEK, TEXAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,251,705	\$ -	\$ 3,468,245	\$ 4,719,950
Taxes receivable, net of allowances				
for uncollectibles	10,360	4,523	-	14,883
Sales tax receivable	14,958	-	-	14,958
Franchise fees receivable	30,885	-	-	30,885
Due to other fund	<u>-</u>	<u>25,048</u>	<u>-</u>	<u>25,048</u>
<b>Total assets</b>	<b><u>\$ 1,307,908</u></b>	<b><u>\$ 29,571</u></b>	<b><u>\$ 3,468,245</u></b>	<b><u>\$ 4,805,724</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 113,438	\$ -	\$ -	\$ 113,438
Accrued wages	9,176	-	-	9,176
Due to other governments	495	-	-	495
Due to other fund	<u>25,048</u>	<u>-</u>	<u>-</u>	<u>25,048</u>
<b>Total liabilities</b>	<b><u>148,157</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>148,157</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>10,360</u>	<u>4,523</u>	<u>-</u>	<u>14,883</u>
<b>Total deferred inflows of resources</b>	<b><u>10,360</u></b>	<b><u>4,523</u></b>	<b><u>-</u></b>	<b><u>14,883</u></b>
<b>FUND BALANCE</b>				
Committed:				
Tree fund	4,906	-	-	4,906
Parks fund	3,798	-	-	3,798
Assigned:				
ARP fund	426,784	-	-	426,784
Capital projects	576,289	-	-	576,289
Restricted:				
Court security	20	-	-	20
Court technology	26	-	-	26
PEG funds	14,589	-	-	14,589
Capital projects	<u>-</u>	<u>-</u>	<u>3,468,245</u>	<u>3,468,245</u>
Debt service	<u>-</u>	<u>25,048</u>	<u>-</u>	<u>25,048</u>
Unassigned	<u>122,979</u>	<u>-</u>	<u>-</u>	<u>122,979</u>
<b>Total fund balance</b>	<b><u>1,149,391</u></b>	<b><u>25,048</u></b>	<b><u>3,468,245</u></b>	<b><u>4,642,684</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 1,307,908</u></b>	<b><u>\$ 29,571</u></b>	<b><u>\$ 3,468,245</u></b>	<b><u>\$ 4,805,724</u></b>

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

**CITY OF WOODCREEK, TEXAS**

**RECONCILIATION OF BALANCE SHEET-  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**September 30, 2023**

Total fund balance - governmental funds balance sheet	\$ 4,642,684
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Capital assets - nondepreciable	\$ 459,092
Capital assets - net depreciable	<u>1,742,333</u>
	2,201,425

Property taxes receivable unavailable to pay current expenses are deferred in the funds. 14,883

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension asset	14,290
OPEB liability	(12,785)
Deferred outflows - pensions	29,788
Deferred inflows - pensions	(3,713)
Deferred outflows - OPEB	909
Deferred inflows - OPEB	(6,435)
Accrued interest	(13,445)
Compensated absences	(4,798)
Noncurrent liabilities due in one year	(185,000)
Noncurrent liabilities due in more than one year	<u>(3,385,096)</u>
	(3,566,285)

Net position of governmental activities - statement of net position \$ 3,292,707

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

**CITY OF WOODCREEK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the year ended September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 366,434	\$ 217,886	\$ -	\$ 584,320
Sales tax	94,194	-	-	94,194
Franchise and local taxes	139,683	-	-	139,683
Grant revenue	202,710	-	-	202,710
Investment income	77,427	-	30,690	108,117
Charges for services	49,790	-	-	49,790
Other revenue	<u>11,235</u>	<u>-</u>	<u>-</u>	<u>11,235</u>
Total revenues	<u>941,473</u>	<u>217,886</u>	<u>30,690</u>	<u>1,190,049</u>
<b>EXPENDITURES</b>				
Current:				
General government	745,446	-	-	745,446
Capital outlay	421,242	-	-	421,242
Debt service:				
Principal	-	436,830	-	436,830
Interest and fiscal charges	-	5,283	-	5,283
Bond issue costs	<u>-</u>	<u>-</u>	<u>132,541</u>	<u>132,541</u>
Total expenditures	<u>1,166,688</u>	<u>442,113</u>	<u>132,541</u>	<u>1,741,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(225,215)</u>	<u>(224,227)</u>	<u>(101,851)</u>	<u>(551,293)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	224,615	-	224,615
Transfers out	<u>(224,615)</u>	<u>-</u>	<u>-</u>	<u>(224,615)</u>
Proceeds from bond	-	-	3,495,000	3,495,000
Premium	<u>-</u>	<u>-</u>	<u>75,096</u>	<u>75,096</u>
Total other financing sources	<u>(224,615)</u>	<u>224,615</u>	<u>3,570,096</u>	<u>3,570,096</u>
Net change in fund balances	<u>(449,830)</u>	<u>388</u>	<u>3,468,245</u>	<u>3,018,803</u>
Fund balance - beginning	<u>1,599,221</u>	<u>24,660</u>	<u>-</u>	<u>1,623,881</u>
Fund balance - ending	<u>\$ 1,149,391</u>	<u>\$ 25,048</u>	<u>\$ 3,468,245</u>	<u>\$ 4,642,684</u>

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

**CITY OF WOODCREEK, TEXAS**

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

**For the year ended September 30, 2023**

Net change in fund balances - total governmental funds	\$ 3,018,803
--	--------------

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

Governmental funds report all 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	421,242
Depreciation expense	(118,924)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,115

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.

Net pension expense	8,783
OPEB expense	5,504
Accrued interest	(13,445)
Compensated absences	(4,798)

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 the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond issuance	(3,495,000)
Bond premium	(75,096)
Tax notes payment	<u>436,830</u>

Change in net position of governmental activities - statement of activities \$ 187,014

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**



# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies

#### Reporting entity

The City of Woodcreek, Texas (the “City”) was incorporated under the laws of the State of Texas on August 11, 1984. The City is a general law type-A city that operates under a council-mayor form of government. The City Council is the principal legislative body of the City.

The City provides the following services: street maintenance, area beautification, code enforcement, building inspection and general administrative services.

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. No other entities have been included in the City’s 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 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 it 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.

#### Description of government-wide and fund financial statements

Government-wide financial statements report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

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

The fund financial statements provide information about the City’s funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

The City reports the following governmental funds:

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 and sales and franchise taxes. Expenditures include general governmental activity. The general fund is always considered a major fund for reporting purposes.

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The **capital project fund** is used to administer bond monies for various construction projects.

### 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.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded as soon as a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, 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 City.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance

- **Cash and cash equivalents.** 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.
- **Investments.** State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than AAA or AAA-m or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments except for certain investment pools, commercial paper, money market funds, and investment contracts, are stated at fair value and categorized by using the fair value hierarchy established by generally accepted accounting principles. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance (continued)

- **Investments (continued)** The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

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

Direct obligations of the U.S. Government or U.S. Government agencies  
Fully collateralized certificates of deposit  
Money market mutual funds that meet certain criteria  
Bankers' acceptances  
Statewide investment pools

- **Capital assets.** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three (3) years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 and equipment of the City are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Building improvements	10 to 40 years
Machinery and equipment	3 to 7 years

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance (continued)

- **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.

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

- **Long-term obligations.** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- **Fund balance policies.** Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balances in the government funds are classified as follows:

*Nonspendable* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids items) or legally required to remain intact.

*Restricted* – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

*Committed* – represents amounts that can only be used for a specific purpose determined by a formal action of the government's highest level of decision making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitations imposed by the ordinance remains in place until similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned* – represents amounts which the City intends to use for a specified purpose but do not meet the criteria of restricted or committed. The City Council and the City Manager are the only authorities that make assignments at this time.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance (continued)

##### • **Fund balance policies (continued)**

*Unassigned* – represents the residual balance that may be spent on any other purpose of the City. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specified purposes exceed the amounts that are restricted, committed, or assigned to that purpose, it may be necessary to report a negative unassigned fund balance in that fund.

- **Net position flow assumptions.** Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted debt 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.
- **Fund balance flow assumptions.** Sometimes the City 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 City'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.
- **Use of 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, 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.
- **Pension/OPEB.** For purposes of measuring the net pension liability (asset), OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- **Program revenues.** Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (1) Summary of significant accounting policies (continued)

#### Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance (continued)

- **Property taxes.** Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.
- **Implementation of new accounting principle.** The City adopted the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements* (SBITA's) during the fiscal year 2023. The statement is based on the principle that SBITAs are financings of the right-to-use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability.

The City has no SBITAs under the new accounting principle.

### (2) Stewardship, compliance and accountability

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

The City Manager submits to the Council a proposed budget. The Council holds a public hearing on the budget submitted, and all interested persons are given an opportunity to be heard for or against any item or the amount of any item contained therein. After the conclusion of the public hearing, the Council may insert new items or may increase or decrease the items of the budget, except items in proposed expenditures fixed by law, but where it increases the total proposed expenditures, it also provides for an increase in the total anticipated revenue to at least equal such total proposed expenditures, it also provides for an increase in the total anticipated revenue to least equal such total proposed expenditures. The budget is adopted by a majority vote of the members of the whole Council. The budget must be adopted no later than the 15<sup>th</sup> of September. Should the Council take no final action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the Council. The City Manager may, at any time, transfer any unencumbered appropriation balance or portion thereof between general classifications or expenditures within an office, department, or fund. Therefore, expenditures should not exceed appropriations at the fund level. The Council may transfer any unencumbered appropriation balance or portion thereof from one office, department, or fund to another through formal budget amendments. Unencumbered appropriations lapse at year end. An annual budget is prepared for the general fund and debt service fund.

### (3) Detailed notes on all funds

#### Deposits and investments

As of September 30, 2023, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Days)
Texas CLASS	\$ 4,668,444	49
Total value	\$ 4,668,444	

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Deposits and investments (continued)

Credit risk – The City’s policy requires that investment pools must be rated no lower than “AAA” or “AAA-m”. As of September 30, 2023, the City’s investments in Texas CLASS was rated AAA-m by Standard & Poor’s.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2023, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its investment time horizons by averaging investment maturities and chooses to present its exposure to interest rate changes using the weighted average maturity method. In accordance with its investment policy and state law, the City manages its interest rate risk by limiting the weighted average maturity of any investment owned by the City to the maximum of one year. Eligible investment pools must have a weighted average maturity of no greater than 60 days. The City’s exposure to interest rate risk at September 30, 2023 is summarized in the preceding table as the weighted average days to maturity.

#### Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust–Texas (“CLASS”) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in CLASS (the “Participants”), with Public Trust Advisors, LLC as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member Board of Trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Public Trust Advisors, LLC to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS’s website at [www.texasclass.com](http://www.texasclass.com). The fair value of the investments in this type have been determined using the NAV per share of the investments.

#### Interfund balances and transfers

Interfund balances represent reimbursements for expenditures paid or cash received on behalf of other funds and are expected to be liquidated in the next fiscal year. At September 30, 2023, the City’s debt service fund had a \$25,048 payable to the general fund.

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of the governmental funds. The City’s general fund transferred \$224,615 to the debt service fund during the year ended September 30, 2023. The purpose of this transfer was to fund the early payoff payment of the City’s Tax Notes, Series 2017.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

**September 30, 2023**

### (3) Detailed notes on all funds (continued)

#### Capital assets

A summary of changes in capital assets for governmental activities for the year ended September 30, 2023, is as follows:

	Primary Government			
	Beginning Balance	Increases	(Decreases)	Ending Balance
<b><u>Governmental Activities</u></b>				
Capital assets not being depreciated:				
Land	\$ 37,850	\$ -	\$ -	\$ 37,850
Construction in progress	<u>-</u>	<u>421,242</u>	<u>-</u>	<u>421,242</u>
Total capital assets not being depreciated	<u>37,850</u>	<u>421,242</u>	<u>-</u>	<u>459,092</u>
Capital assets being depreciated:				
Buildings and improvements	2,313,474	-	-	2,313,474
Machinery and equipment	57,004	-	-	57,004
Total capital assets being depreciated	<u>2,370,478</u>	<u>-</u>	<u>-</u>	<u>2,370,478</u>
Less accumulated depreciation:				
Buildings and improvements	(464,087)	(115,635)	-	(579,722)
Machinery and equipment	(45,134)	(3,289)	-	(48,423)
Total accumulated depreciation	<u>(509,221)</u>	<u>(118,924)</u>	<u>-</u>	<u>(628,145)</u>
Total capital assets being depreciated, net	<u>1,861,257</u>	<u>(118,924)</u>	<u>-</u>	<u>1,742,333</u>
Governmental activities capital assets, net	<u>\$ 1,899,107</u>	<u>\$ 302,318</u>	<u>\$ -</u>	<u>\$ 2,201,425</u>

Depreciation expense of \$118,924 was charged to the general government function.

#### Long-term liabilities

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

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.

During the fiscal year 2023, the City issued City of Woodcreek General Obligations Bonds, Series 2023 in the amount of \$3,395,000. The bonds were issued for street improvement projects within the City. The bonds were issued with an interest rate ranging from 4.125% - 5.000% and mature February 15, 2048.

During the fiscal year ended September 30, 2023, the City early redeemed the City of Woodcreek Tax Notes, Series 2017 in the amount of \$217,837 with an interest rate of 1.82%. The total savings on the redemption was \$655. After the redemption, total tax notes outstanding was \$0-.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

**September 30, 2023**

### (3) Detailed notes on all funds (continued)

#### Long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable					
GO Bonds, Series 2023	\$ -	\$ 3,495,000	\$ -	\$ 3,495,000	\$ 185,000
Bond premium	_____ -	75,096	_____ -	75,096	_____ -
Total bonds payable	_____ -	3,570,096	_____ -	3,570,096	185,000
Other long-term liabilities					
Tax Note, Series 2017	436,830	_____ -	(436,830)	_____ -	_____ -
Total other long-term liabilities	436,830	_____ -	(436,830)	_____ -	_____ -
Total long-term liabilities	<u>\$ 436,830</u>	<u>\$ 3,570,096</u>	<u>\$ (436,830)</u>	<u>\$ 3,570,096</u>	<u>\$ 185,000</u>

Future maturities of the general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 185,000	\$ 161,341	\$ 346,341
2025	155,000	147,488	302,488
2026	160,000	139,613	299,613
2027	170,000	131,363	301,363
2028	180,000	122,612	302,612
2029-2033	590,000	520,062	1,110,062
2034-2038	550,000	379,138	929,138
2039-2043	675,000	251,037	926,037
2044-2048	830,000	93,875	923,875
	<u>\$ 3,495,000</u>	<u>\$ 1,946,529</u>	<u>\$ 5,441,529</u>

#### Pension plan - Texas Municipal Retirement System

The City participates as one of 919 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Pension plan - Texas Municipal Retirement System (continued)

##### 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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contribution and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

##### Employees covered by benefit terms

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

Inactive employees currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>3</u>
Total	<u><u>9</u></u>

##### Contributions

The contribution rates for members in TMRS are either 5%, 6%, or 7% of member's total compensation, and the City matching ratios 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 City's contribution rate is based on the liability created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City were 9.15% and 10.41% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$16,908 and were equal to the required contributions.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Pension plan - Texas Municipal Retirement System (continued)

##### Net pension liability (asset)

The City's net pension asset (NPA) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension asset was determined by an actuarial valuation as of that date.

##### Actuarial assumptions

The total pension asset in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Salary increases are based on a service-related table. Morality 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. Morality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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 through December 31, 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 WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Pension plan - Texas Municipal Retirement System (continued)

##### Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Real Return	12.00%	8.10%
Real Estate	12.00%	5.80%
Absolute Return	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u><u>100.00%</u></u>	

##### Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

**September 30, 2023**

### (3) Detailed notes on all funds (continued)

#### Pension plan - Texas Municipal Retirement System (continued)

##### Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2022:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2021	\$ 186,880	\$ 222,884	\$ (36,004)
Changes for the year:			
Service cost	28,397	-	28,397
Interest	13,368	-	13,368
Change of benefit terms	-	-	-
Difference between expected and actual experience	(6,141)	-	(6,141)
Change of assumptions	-	-	-
Contributions - employer	-	17,938	(17,938)
Contributions - employee	-	12,062	(12,062)
Net investment income	-	(16,117)	16,117
Benefit payments, including refunds of			
employee contributions	(6,065)	(6,065)	-
Administrative expenses	-	(141)	141
Other changes	-	168	(168)
Net changes	<u>29,559</u>	<u>7,845</u>	<u>21,714</u>
Balance at December 31, 2022	<u>\$ 216,439</u>	<u>\$ 230,729</u>	<u>\$ (14,290)</u>

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

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

	1% Decrease in		1% Increase in	
	Discount Rate	Discount Rate	Discount Rate	Discount Rate
	(5.75%)	(6.75%)	(7.75%)	(7.75%)
City's net pension liability (asset)	\$ 6,085	\$ (14,290)	\$ (31,843)	\$ (31,843)

##### 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](http://www.tmrs.com).

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Pension plan - Texas Municipal Retirement System (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$7,921.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 3,713
Difference between projected and actual investment earnings	15,692	-
Contributions made subsequent to the measurement date	14,096	-
<b>Total</b>	<b>\$ 29,788</b>	<b>\$ 3,713</b>

The City reported \$14,096 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ (761)
2025	2,499
2026	4,012
2027	6,229
2028	-
Thereafter	-
<b>Total</b>	<b>\$ 11,979</b>

#### Other postemployment benefits (OPEB) plan

##### Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan, operated by 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 WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Other postemployment benefits (OPEB) plan (continued)

##### Benefits payments

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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

##### Contributions

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. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.59% and 0.50% for calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 was \$1,044 and was equal to the required contributions.

##### Employees covered by benefit terms

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

Inactive employees currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	1
Active employees	3
Total	6

##### OPEB liability

The City's OPEB liability of \$12,785 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Other postemployment benefits (OPEB) plan (continued)

Actuarial assumptions:

The OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Methods and assumptions used to determine contribution rates:

Inflation	2.5%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
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.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment of younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

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

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

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

**September 30, 2023**

### (3) Detailed notes on all funds (continued)

#### Other postemployment benefits (OPEB) plan (continued)

Changes in the OPEB liability:

	<u>2022</u>
OPEB liability:	
Service cost	\$ 1,740
Interest on the OPEB liability	412
Changes in benefit terms	-
Difference between expected and actual experience	(5,088)
Change of assumptions	(5,555)
Benefit payments	<u>(482)</u>
Net change in OPEB liability	<u>(8,973)</u>
OPEB liability - beginning	<u>21,758</u>
OPEB liability - ending	<u>\$ 12,785</u>

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 4.05%, as well as what the City's total OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate <u>(3.05%)</u>	1% Increase in Discount Rate <u>(4.05%)</u>	1% Increase in Discount Rate <u>(5.05%)</u>
City's OPEB liability	<u>\$ 14,965</u>	<u>\$ 12,785</u>	<u>\$ 11,039</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2023, the City recognized OPEB gain of (\$4,636).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,076
Changes in actuarial assumptions	-	3,359
Contributions made subsequent to the measurement date	909	-
Total	<u>\$ 909</u>	<u>\$ 6,435</u>

# CITY OF WOODCREEK, TEXAS

## NOTES TO FINANCIAL STATEMENTS

September 30, 2023

### (3) Detailed notes on all funds (continued)

#### Other postemployment benefits (OPEB) plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

The City reported \$909 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>September 30,</u>		
2024	\$	(4,208)
2025		(2,227)
2026		-
2027		-
2028		-
Thereafter		-
Total	<u>\$</u>	<u>(6,435)</u>

### (4) Other information

#### Federal arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions 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 (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

#### Risk management

The City is exposed to various risks of loss related to torts; theft of and damage to property, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, worker's compensation, real and personal property, and errors and omissions liability. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

## **CITY OF WOODCREEK, TEXAS**

### **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

#### (4) Other information (continued)

##### 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 that 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. No claim liabilities are reported at year end.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF WOODCREEK, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**

**For the measurement year ended December 31,**

**\*Last 10 years**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 364,500	\$ 364,500	\$ 366,434	\$ 1,934
Sales tax	81,200	81,200	94,194	12,994
Franchise and other taxes	182,310	182,310	139,683	(42,627)
Charges for services	34,800	34,800	49,790	14,990
Investment income	2,500	2,500	77,427	74,927
Grant revenue	243,200	243,200	202,710	(40,490)
Other revenue	10,000	10,000	11,235	1,235
<b>Total revenues</b>	<b>918,510</b>	<b>918,510</b>	<b>941,473</b>	<b>22,963</b>
<b>Expenditures</b>				
Current:				
General government:				
Personnel services	208,600	208,600	212,942	(4,342)
Professional services	161,250	161,250	397,713	(236,463)
Area care / maintenance	95,000	95,000	25,767	69,233
Office expenses	39,300	39,300	64,068	(24,768)
Municipal court	6,750	6,750	230	6,520
Utilities	11,050	11,050	11,529	(479)
Insurance	3,700	3,700	5,093	(1,393)
Other operating expense	37,207	37,207	28,104	9,103
Miscellaneous	75,200	75,200	-	75,200
Capital outlay	227,000	227,000	421,242	(194,242)
<b>Total expenditures</b>	<b>865,057</b>	<b>865,057</b>	<b>1,166,688</b>	<b>(301,631)</b>
Excess (deficiency) of revenues over (under) expenditures	53,453	53,453	(225,215)	(278,668)
Other financing sources (uses)				
Transfers out	-	-	(224,615)	(224,615)
Total other financing sources (uses)	-	-	(224,615)	(224,615)
Net change in fund balance	53,453	53,453	(449,830)	(503,283)
Fund balance, beginning	1,599,221	1,599,221	1,599,221	-
Fund balance, ending	<b>\$ 1,652,674</b>	<b>\$ 1,652,674</b>	<b>\$ 1,149,391</b>	<b>\$ (727,898)</b>

**CITY OF WOODCREEK, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS – TEXAS MUNICIPAL RETIREMENT SYSTEM**

**For the measurement year ended December 31,**

**\*Last 10 years**

	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 28,397	\$ 33,438	\$ 29,618	\$ 19,555
Interest (on the total pension liability)	13,368	12,689	11,014	9,357
Change in benefit terms	-	-	1,174	-
Difference between expected and actual experience	(6,141)	(22,476)	(5,036)	(3,762)
Change of assumptions	-	-	-	892
Benefit payments, including refunds of employee contributions	<u>(6,065)</u>	<u>(16,075)</u>	<u>(9,316)</u>	<u>(6,065)</u>
Net change in total pension liability	29,559	7,576	27,454	19,977
Total pension liability - beginning	<u>186,880</u>	<u>179,304</u>	<u>151,850</u>	<u>131,873</u>
Total pension liability - ending (a)	<u>\$ 216,439</u>	<u>\$ 186,880</u>	<u>\$ 179,304</u>	<u>\$ 151,850</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 17,938	\$ 20,270	\$ 14,140	\$ 11,819
Contributions - employee	12,062	13,924	8,804	7,705
Net investment income	(16,117)	23,368	11,670	18,952
Benefit payments, including refunds of employee contributions	(6,065)	(16,075)	(9,316)	(6,065)
Administrative expense	(141)	(109)	(77)	(108)
Other	<u>168</u>	<u>1</u>	<u>(3)</u>	<u>(3)</u>
Net change in plan fiduciary net position	7,845	41,379	25,218	32,300
Plan fiduciary net position - beginning	<u>222,884</u>	<u>181,505</u>	<u>156,287</u>	<u>123,987</u>
Plan fiduciary net position - ending (b)	<u>\$ 230,729</u>	<u>\$ 222,884</u>	<u>\$ 181,505</u>	<u>\$ 156,287</u>
Net pension liability (asset) (a) - (b)	<u>\$ (14,290)</u>	<u>\$ (36,004)</u>	<u>\$ (2,201)</u>	<u>\$ (4,437)</u>
Plan fiduciary net position as a percentage of total pension liability	106.60%	119.27%	101.23%	102.92%
Covered payroll	<u>\$ 172,314</u>	<u>\$ 198,919</u>	<u>\$ 176,089</u>	<u>\$ 154,099</u>
Net pension liability (asset) as a percentage of total covered payroll	<u>-8.29%</u>	<u>-18.10%</u>	<u>-1.25%</u>	<u>-2.88%</u>

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

	2018	2017	2016	2015	2014
\$	19,253	\$ 12,114	\$ 9,829	\$ 7,223	\$ 5,994
	8,094	7,149	6,268	6,100	5,516
	-	765	-	-	-
	1,175	1,124	1,117	(4,509)	2,304
	-	-	-	1,661	-
	<u>(13,855)</u>	<u>(6,065)</u>	<u>(6,065)</u>	<u>(6,065)</u>	<u>(6,104)</u>
	14,667	15,087	11,149	4,410	7,710
	<u>117,206</u>	<u>102,119</u>	<u>90,970</u>	<u>86,560</u>	<u>78,850</u>
\$	<u>131,873</u>	<u>\$ 117,206</u>	<u>\$ 102,119</u>	<u>\$ 90,970</u>	<u>\$ 86,560</u>
\$	11,470	\$ 3,920	\$ 3,561	\$ 2,665	\$ 1,547
	7,586	7,076	6,097	4,486	4,225
	(3,674)	14,329	6,320	136	5,019
	<u>(13,855)</u>	<u>(6,065)</u>	<u>(6,065)</u>	<u>(6,065)</u>	<u>(6,104)</u>
	<u>(71)</u>	<u>(74)</u>	<u>(71)</u>	<u>(83)</u>	<u>(52)</u>
	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>
	1,452	19,182	9,838	1,135	4,631
	<u>122,535</u>	<u>103,353</u>	<u>93,515</u>	<u>92,380</u>	<u>87,749</u>
\$	<u>123,987</u>	<u>\$ 122,535</u>	<u>\$ 103,353</u>	<u>\$ 93,515</u>	<u>\$ 92,380</u>
\$	<u>7,886</u>	<u>\$ (5,329)</u>	<u>\$ (1,234)</u>	<u>\$ (2,545)</u>	<u>\$ (5,820)</u>
	94.02%	104.55%	101.21%	102.80%	106.72%
\$	<u>151,715</u>	<u>\$ 141,523</u>	<u>\$ 121,945</u>	<u>\$ 89,729</u>	<u>\$ 84,492</u>
	<u>5.20%</u>	<u>-3.77%</u>	<u>-1.01%</u>	<u>-2.84%</u>	<u>-6.89%</u>

**CITY OF WOODCREEK, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - PENSION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**

**For the year ended September 30,**

**\*Last 10 fiscal years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contributions	\$ 16,908	\$ 19,054	\$ 15,005	\$ 13,130
Contributions in relation to the actuarially determined contribution	<u>16,908</u>	<u>20,633</u>	<u>19,255</u>	<u>13,382</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,579)</u>	<u>\$ (4,250)</u>	<u>\$ (252)</u>
Covered payroll	<u>\$ 181,064</u>	<u>\$ 198,919</u>	<u>\$ 176,089</u>	<u>\$ 168,327</u>
Contributions as a percentage of covered payroll	<u>9.34%</u>	<u>10.37%</u>	<u>10.93%</u>	<u>7.95%</u>

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively

2019	2018	2017	2016	2015
\$ 10,277	\$ 4,777	\$ 3,931	\$ 3,200	\$ 2,665
<u>11,925</u>	<u>9,471</u>	<u>3,931</u>	<u>3,200</u>	<u>2,665</u>
<u>\$ (1,648)</u>	<u>\$ (4,694)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 156,039</u></u>	<u><u>\$ 147,742</u></u>	<u><u>\$ 140,063</u></u>	<u><u>\$ 109,241</u></u>	<u><u>\$ 89,729</u></u>
<u><u><u>7.64%</u></u></u>	<u><u><u>6.41%</u></u></u>	<u><u><u>2.81%</u></u></u>	<u><u><u>2.93%</u></u></u>	<u><u><u>2.97%</u></u></u>

**CITY OF WOODCREEK, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY**  
**(OPEB) AND RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM**

**For the measurement year ended December 31,**

**\*Last 10 years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>OPEB liability:</b>						
Service cost	\$ 1,740	\$ 1,989	\$ 1,655	\$ 1,464	\$ 1,547	\$ 1,316
Interest on the OPEB liability	412	546	636	683	619	582
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(5,088)	(7,565)	(1,179)	(849)	(1,133)	-
Change of assumptions	(5,555)	612	3,106	3,408	(1,202)	1,358
Benefit payments	<u>(482)</u>	<u>(298)</u>	<u>(88)</u>	<u>(77)</u>	<u>(76)</u>	<u>(85)</u>
Net change in OPEB liability	<u>(8,973)</u>	<u>(4,716)</u>	<u>4,130</u>	<u>4,629</u>	<u>(245)</u>	<u>3,171</u>
OPEB liability - beginning	<u>21,758</u>	<u>26,474</u>	<u>22,344</u>	<u>17,715</u>	<u>17,960</u>	<u>14,789</u>
OPEB liability - ending	<u>\$ 12,785</u>	<u>\$ 21,758</u>	<u>\$ 26,474</u>	<u>\$ 22,344</u>	<u>\$ 17,715</u>	<u>\$ 17,960</u>
Covered-employee payroll	<u>\$ 172,314</u>	<u>\$ 198,919</u>	<u>\$ 176,089</u>	<u>\$ 154,099</u>	<u>\$ 151,715</u>	<u>\$ 141,523</u>
OPEB liability as a percentage of covered payroll	<u>7.42%</u>	<u>10.94%</u>	<u>15.03%</u>	<u>14.50%</u>	<u>11.68%</u>	<u>12.69%</u>

\*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. The City will develop the schedule prospectively.

# CITY OF WOODCREEK, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2023

### (1) Budget information

The budget for the general fund and debt service fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

The original budget for the general fund and debt service fund are adopted by the City Council by September 30. Budgetary preparation and control is exercised at the department level. Both the original and final budget is included.

### (2) Schedule of contributions – net pension liability (asset)

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

There were no benefit changes during the year.



## **OTHER SUPPLEMENTARY INFORMATION**



**CITY OF WOODCREEK, TEXAS**

**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 224,793	\$ 224,793	\$ 217,886	\$ (6,907)
Total revenues	<u>224,793</u>	<u>224,793</u>	<u>217,886</u>	<u>(6,907)</u>
Expenditures				
Principal	219,000	219,000	436,830	(217,830)
Interest	<u>5,793</u>	<u>5,793</u>	<u>5,283</u>	<u>510</u>
Total expenses	<u>224,793</u>	<u>224,793</u>	<u>442,113</u>	<u>(217,320)</u>
Other financing sources (uses)				
Transfers in	-	-	224,615	224,615
Net change in fund balance	-	-	388	(388)
Fund balance, beginning	24,660	24,660	24,660	-
Fund balance, ending	<u>\$ 24,660</u>	<u>\$ 24,660</u>	<u>\$ 25,048</u>	<u>\$ (388)</u>