

**City of  
Bruceville-Eddy, Texas**

**September 30, 2023**

**Financial Statements**



**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT THEREON**  
**AND REQUIRED SUPPLEMENTARY INFORMATION**



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Council  
City of Bruceville-Eddy, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Bruceville-Eddy, 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, the business-type activities and each major fund of the City as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)**

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 11 and the schedule of funding progress – TMRS pension plan, schedule of changes in net pension liability (asset) and related ratios, schedule of pension contributions, schedule of changes in total OPEB liability and related ratios, schedule of OPEB contributions and the budgetary comparison information on pages 57 - 66 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***

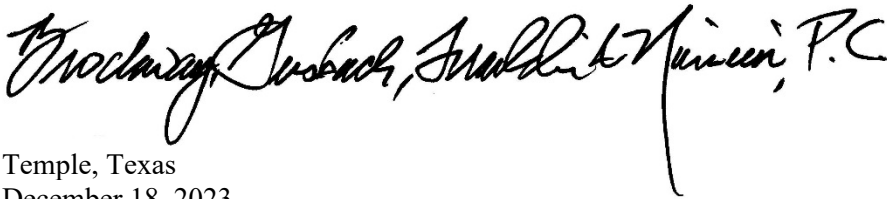
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying individual fund financial statements on pages 69 - 71, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Brockway Busch, Matthew Murren, P.C." The signature is written in a cursive style with a long vertical line extending downwards from the end.

Temple, Texas  
December 18, 2023

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial Report, we, the managers of the City of Bruceville-Eddy, Texas (“the City”), discuss and analyze the City’s financial performance for the fiscal year ended September 30, 2023. Please read it in conjunction with the Independent Auditor’s Report on pages 1 through 4, and the City’s Basic Financial Statements, which begin on page 14.

**FINANCIAL HIGHLIGHTS**

- The City’s net position increased by \$ 482,742 as a result of this year’s operations.
- The General Fund ended the year with a fund balance of \$ 3,021,108.
- During the year, the City had governmental expenses that were \$ 4,914 more than the \$ 1,124,772 generated in tax and other revenues for governmental programs.
- The total cost of all the City’s programs was \$ 2,959,890. Of this amount, \$ 2,514,213 was directly attributed to Public Safety (Police Department) and Water Services. The remainder of the cost was mainly for general government and street repair.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 14 through 17). These provide information about the activities of the City as a whole and present a longer-term view of the City’s property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 18) report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. Proprietary statements provide the same type of information as the government-wide financial statements, only in more detail.

The notes to financial statements (starting on page 31) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

**Reporting the City as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the City’s overall financial condition and operations begins on page 14. Its primary purpose is to show whether the City is better or worse off as a result of the year’s activities. The Statement of Net Position includes all the City’s assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City’s operations during the year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

These two statements report the City's net position and the changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider nonfinancial factors as well, such as changes in the property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities.

Governmental activities – Most of the City's basic services are reported here, including the public safety, streets, and general government. Property taxes, fines and sales taxes finance most of these activities.

Business-type activities - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer system activities are reported here.

### **Reporting the City's Most Significant Funds**

#### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. The City's two kinds of funds - governmental and proprietary - utilize different accounting approaches.

Governmental fund – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund statements are detailed in a reconciliation following the fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Proprietary fund - The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in the proprietary fund. The proprietary fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information such as cash flows for the proprietary fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined net position was \$ 9,929,028 as of September 30, 2023. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position was \$ 5,592,855 and the governmental activities net position was \$ 4,336,173.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The following condensed financial statements focus on the Net Position (Table I) and Change in Net Position (Table II) of general revenues and significant expenses of the City's governmental and business-type activities.

**Table I**

**NET POSITION**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$3,511,977	\$3,576,715	\$2,941,862	\$2,819,865	\$6,453,839	\$6,396,580
Noncurrent and capital assets	1,275,156	1,395,346	4,431,854	4,502,240	5,707,010	5,897,586
Total assets	4,787,133	4,972,061	7,373,716	7,322,105	12,160,849	12,294,166
Deferred outflows	153,943	23,138	60,756	15,409	214,699	38,547
Total assets and deferred outflows	4,941,076	4,995,199	7,434,472	7,337,514	12,375,548	12,332,713
Other liabilities	46,658	96,604	147,844	172,939	194,502	269,543
Long-term liabilities	39,404	47,116	1,659,514	2,007,195	1,698,918	2,054,311
Total liabilities	86,062	143,720	1,807,358	2,180,134	1,893,420	2,323,854
Deferred inflows	518,841	510,392	34,259	52,182	553,100	562,574
Total liabilities and deferred inflows	604,903	654,112	1,841,617	2,232,316	2,446,520	2,886,428
Net Position:						
Net investment in capital assets	1,234,118	1,246,379	2,780,332	2,432,946	4,014,450	3,679,325
Restricted	221,886	361,917	393,609	395,459	615,495	757,376
Unrestricted	2,880,169	2,732,791	2,418,914	2,276,793	5,299,083	5,009,584
Total Net Position	<u>\$4,336,173</u>	<u>\$4,341,087</u>	<u>\$5,592,855</u>	<u>\$5,105,198</u>	<u>\$9,929,028</u>	<u>\$9,446,285</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Table II**

**CHANGE IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues						
Charges for services	\$ 324,989	\$ 303,181	\$2,177,797	\$ 1,974,316	\$2,502,786	\$2,277,497
General Revenues:						
Property tax	414,656	406,144	-	-	414,656	406,144
Sales tax	129,031	112,512	-	-	129,031	112,512
Other taxes	58,088	56,196	-	-	58,088	56,196
Investment earnings	109,038	16,796	76,288	13,743	185,326	30,539
Miscellaneous	88,970	371,748	63,775	9,779	152,745	381,527
Total Revenue	1,124,772	1,266,577	2,317,860	1,997,838	3,442,632	3,264,415
Expenses:						
General government	385,015	272,910	-	-	385,015	272,910
Public safety	684,009	492,445	-	-	684,009	492,445
Streets	60,662	25,790	-	-	60,662	25,790
Water and sewer	-	-	1,830,203	1,550,328	1,830,203	1,550,328
Total Expenses	1,129,686	791,145	1,830,203	1,550,328	2,959,889	2,341,473
Change in net position	(4,914)	475,432	487,657	447,510	482,743	922,942
Net position - beginning	4,341,087	3,865,655	5,105,198	4,657,688	9,446,285	8,523,343
Net position - ending	<u>\$4,336,173</u>	<u>\$4,341,087</u>	<u>\$5,592,855</u>	<u>\$5,105,198</u>	<u>\$9,929,028</u>	<u>\$9,446,285</u>

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A large portion of the City’s net position (40%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (6%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$ 5,299,083, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City is able to report positive balances in both categories of net position for the government as a whole.

For the year ended September 30, 2023, revenues from governmental activities totaled \$ 1,124,772. Charges for public safety services accounted for 29% of these revenues and property taxes accounted for 37% of the total.

For the year ended September 30, 2023, expenses for governmental activities totaled \$ 1,129,686. The City’s three largest funded programs are for general government, public safety and streets.

Revenues of the City’s business-type activities were \$ 2,317,860 for the year ended September 30, 2023. Expenses for the City’s business-type activities were \$ 1,830,204. The City’s largest business-type activities expense was the purchase of water.

**THE CITY’S FUNDS**

As the City completed the year, its governmental fund (as presented in the balance sheet on page 18) reported a fund balance of \$ 3,021,108, which is \$ 15,143 lower than last year's total of \$ 3,036,251.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2023, the City had \$ 5,649,776 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities, equipment and land. This amount represents a net increase of \$ 361 due to current year purchases and contributions being more than depreciation and current year disposals. This year’s major additions included:

Buildings and improvements	\$ 2,000
Water facilities	168,662
Machinery and equipment	178,898
Construction in progress	4,255
	\$ 353,815

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BRUCEVILLE-EDDY, TEXAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Debt**

At year-end, the City had \$ 1,635,326 in bonds and notes outstanding versus \$ 1,970,090 last year. This decrease is due to the principal payments applied to the outstanding debt during fiscal year 2023 and no new debt obtained.

More detailed information about the City's long-term liabilities is presented in the Notes to Financial Statements on pages 43 through 45.

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

The City's elected and appointed officials considered population growth and available resources from water, public safety and tax revenues when setting the fiscal year ending September 30, 2024 budget and tax rate.

The City adopted a \$ 4,304,181 combined budget for fiscal year ending September 30, 2024. It will be funded through property taxes, water and utility charges, and other local revenues.

If the City does not incur any unforeseen expenditures or reductions in revenue, current revenues should cover current expenses with no change estimated fund balance in the General Fund and no change in the Water Fund net position.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office at City of Bruceville-Eddy, 144 Wilcox Drive, Bruceville-Eddy, Texas 76524.



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**BASIC FINANCIAL STATEMENTS**

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2023**

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 54,936	\$ 2,381,283	\$ 2,436,219
Investments	2,743,580	-	2,743,580
Receivables, net	12,175	210,011	222,186
Cash and cash equivalents, restricted	658,245	393,609	1,051,854
Internal balances	43,041	(43,041)	-
Net pension asset	41,038	16,196	57,234
Capital assets, not being depreciated:			
Land and improvements	649,610	559,183	1,208,793
Construction in progress	-	738,635	738,635
Capital assets, net of accumulated depreciation:			
Buildings and improvements	187,823	48,037	235,860
Water facilities	-	2,585,059	2,585,059
Machinery and equipment	232,552	484,744	717,296
Infrastructure	164,133	-	164,133
Total capital assets	<u>1,234,118</u>	<u>4,415,658</u>	<u>5,649,776</u>
Total Assets	<u>4,787,133</u>	<u>7,373,716</u>	<u>12,160,849</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred amounts related to pensions	146,145	57,678	203,823
Deferred amounts related to OPEB	<u>7,798</u>	<u>3,078</u>	<u>10,876</u>
Total Assets and Deferred Outflows of Resources	4,941,076	7,434,472	12,375,548

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

<b><u>LIABILITIES</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Accounts payable	12,208	97,580	109,788
State criminal costs and fees payable	26,435	-	26,435
Other accrued liabilities	8,015	9,417	17,432
Customer deposits	-	40,847	40,847
Noncurrent liabilities:			
Due within on year:			
Bonds and notes payable	-	347,668	347,668
Due in more than one year:			
Bonds and notes payable	-	1,287,658	1,287,658
Compensated absences	10,722	12,868	23,590
Total OPEB liability	28,682	11,320	40,002
Total Liabilities	<u>86,062</u>	<u>1,807,358</u>	<u>1,893,420</u>

#### **DEFERRED INFLOWS OF RESOURCES**

Deferred amounts related to pensions	70,434	27,798	98,232
Deferred amounts related to OPEB	16,371	6,461	22,832
Unavailable revenues	432,036	-	432,036
Total Liabilities and Deferred Inflows of Resources	<u>604,903</u>	<u>1,841,617</u>	<u>2,446,520</u>

#### **NET POSITION**

Net investment in capital assets	1,234,118	2,780,332	4,014,450
Restricted for:			
Court technology and building security	9,907	-	9,907
Public safety	205,090	-	205,090
Child safety	6,889	-	6,889
Debt service	-	286,647	286,647
Capital projects	-	62,845	62,845
Customer deposits	-	44,117	44,117
Unrestricted	2,880,169	2,418,914	5,299,083
Total Net Position	<u>\$ 4,336,173</u>	<u>\$ 5,592,855</u>	<u>\$ 9,929,028</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government:			
Governmental activities:			
General government	\$ 385,015	\$ 39,578	\$ -
Public safety	684,009	285,411	-
Highways and streets	<u>60,662</u>	<u>-</u>	<u>-</u>
Total governmental activities	1,129,686	324,989	-
Business-type activities:			
Water utility	1,829,941	2,177,797	-
Sewer	<u>262</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,830,203</u>	<u>2,177,797</u>	<u>-</u>
Total Primary Government	<u>\$ 2,959,889</u>	<u>\$ 2,502,786</u>	<u>\$ -</u>

General Revenues:  
Property taxes  
Sales and miscellaneous taxes  
Franchise taxes  
Investment income  
Miscellaneous  
Total general revenues

Change in net position

Net Position - beginning of year

Net Position - end of year

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (345,437)	\$ -	\$ (345,437)
(398,598)	-	(398,598)
(60,662)	-	(60,662)
<u>(804,697)</u>	<u>-</u>	<u>(804,697)</u>
-	347,856	347,856
-	(262)	(262)
<u>-</u>	<u>347,594</u>	<u>347,594</u>
(804,697)	347,594	(457,103)
414,656	-	414,656
129,031	-	129,031
58,088	-	58,088
109,038	76,288	185,326
88,970	63,775	152,745
<u>799,783</u>	<u>140,063</u>	<u>939,846</u>
(4,914)	487,657	482,743
<u>4,341,087</u>	<u>5,105,198</u>	<u>9,446,285</u>
<u>\$ 4,336,173</u>	<u>\$ 5,592,855</u>	<u>\$ 9,929,028</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUND  
September 30, 2023**

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 54,936
Investments	2,743,580
Taxes receivable, net	12,175
Due from other funds	43,041
Cash and cash equivalents, restricted	<u>658,245</u>
Total Assets	<u><u>\$ 3,511,977</u></u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 12,208
State criminal costs and fees payable	26,435
Other accrued liabilities	<u>8,015</u>
Total Liabilities	<u>46,658</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred CLFR funds revenue	421,324
Unavailable revenues - property taxes	12,175
Unavailable revenues - lease income	<u>10,712</u>
Total Deferred Inflows of Resources	<u>444,211</u>
<b><u>FUND BALANCES</u></b>	
Fund Balances:	
Restricted for:	
Court technology and building security	9,907
Public safety	205,090
Child safety	6,889
Unassigned	<u>2,799,222</u>
Total Fund Balance	<u>3,021,108</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 3,511,977</u></u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2023**

**Total Fund Balance - Governmental Fund (Page 18)** \$ 3,021,108

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	649,610	
Buildings		303,592	
Equipment		762,004	
Infrastructure		363,885	
Accumulated depreciation		(844,973)	
Total capital assets		\$ 1,234,118	1,234,118

Net pension asset is not available to pay obligations in the current period and therefore is not reported in the funds. 41,038

Deferred outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. 146,145

Deferred outflows related to OPEB activity are not required to be reported in the funds but are required to be reported at the government-wide level. 7,798

Accrued vacation and comp time payable is not due and payable in the current period and therefore is not reported in the funds. (10,722)

Net OPEB liability is not due and payable in the current period and therefore is not reported in the funds. (28,682)

Deferred inflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. (70,434)

Deferred inflows related to OPEB activity are not required to be reported in the funds but are required to be reported at the government-wide level. (16,371)

Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred inflows of resources in the fund financial statements. 12,175

**Net Position of Governmental Activities (Page 15)** **\$ 4,336,173**

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



**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**  
**For the Year Ended September 30, 2023**

	<u>General Fund</u>
<u>Revenues</u>	
Ad valorem tax	\$ 414,306
Sales tax	129,031
Franchise tax	58,088
Fines and forfeitures	285,411
Licenses and permits	39,578
Interest income	109,038
Lease and miscellaneous income	89,454
	<hr/>
Total Revenues	1,124,906
	<hr/>
<u>Expenditures</u>	
Current:	
General government	384,410
Public safety	713,671
Streets	41,968
	<hr/>
Total Expenditures	1,140,049
	<hr/>
Deficit of revenues over expenditures	(15,143)
	<hr/>
Net change in fund balance	(15,143)
Fund Balance- beginning of year	3,036,251
	<hr/>
Fund Balance- end of year	<u>\$ 3,021,108</u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2023**

**Net Change in Fund Balance - Total Governmental Fund (Page 20)** \$ (15,143)

Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay expense in the current period.

Capital outlay	\$ 81,083	
Depreciation expense	(92,860)	
	<u>\$ (11,777)</u>	(11,777)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to decrease net position (485)

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

Property taxes not collected	\$ 12,175	
Less prior year	(11,824)	
	<u>\$ 351</u>	351

The net pension liability and related deferred outflows/inflows per GASB 68 is accrued at the government-wide level but not at the fund level. This is the current year change related to the net pension liability and related deferred outflows/inflows, reported as expense in the statement of activities. 27,344

The total OPEB liability and related deferred outflows/inflows per GASB 75 is accrued at the government-wide level but not at the fund level. This is the current year change related to the total OPEB liability and related deferred outflows/inflows, reported as expense in the statement of activities. (5,204)

**Change in Net Position of Governmental Activities (Page 17)** \$ (4,914)

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

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2023**

	Business-Type Activities		Total
	Water Fund	Sewer Fund	
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 2,381,283	\$ -	\$ 2,381,283
Accounts receivable, net	210,011	-	210,011
Total current assets	<u>2,591,294</u>	<u>-</u>	<u>2,591,294</u>
Noncurrent assets:			
Cash and cash equivalents, restricted	393,609	-	393,609
Net pension asset	16,196	-	16,196
Due from other funds	814,071	-	814,071
Capital assets, net	3,594,101	821,557	4,415,658
Total noncurrent assets	<u>4,817,977</u>	<u>821,557</u>	<u>5,639,534</u>
Total assets	7,409,271	821,557	8,230,828
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred amounts related to pensions	57,678	-	57,678
Deferred amounts related to OPEB	3,078	-	3,078
Total Assets and Deferred Outflows of Resources	<u>7,470,027</u>	<u>821,557</u>	<u>8,291,584</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	97,580	-	97,580
Accrued liabilities	9,417	-	9,417
Customer deposits	40,847	-	40,847
Due to other funds	-	857,112	857,112
Liabilities payable from restricted assets:			
Bonds and notes payable - current portion	347,668	-	347,668
Total current liabilities	<u>495,512</u>	<u>857,112</u>	<u>1,352,624</u>
Noncurrent liabilities:			
Compensated absences	12,868	-	12,868
Total OPEB liability	11,320	-	11,320
Liabilities payable from restricted assets:			
Bonds and notes payable	1,287,658	-	1,287,658
Total noncurrent liabilities	<u>1,311,846</u>	<u>-</u>	<u>1,311,846</u>
Total Liabilities	1,807,358	857,112	2,664,470

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

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred amounts related to pensions	27,798	-	27,798
Deferred amounts related to OPEB	6,461	-	6,461
Total Liabilities and Deferred Inflows of Resources	1,841,617	857,112	2,698,729
<b><u>NET POSITION</u></b>			
Net investment in capital assets	1,958,775	821,557	2,780,332
Restricted for:			
Debt service	286,647	-	286,647
Capital projects	62,845	-	62,845
Customer deposits	44,117	-	44,117
Unrestricted (deficit)	3,276,026	(857,112)	2,418,914
Total Net Position	<u>\$ 5,628,410</u>	<u>\$ (35,555)</u>	<u>\$ 5,592,855</u>

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**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2023**

	Business-Type Activities		Total
	Water Fund	Sewer Fund	
<u>Operating Revenues</u>			
Water	\$ 1,903,933	\$ -	\$ 1,903,933
Garbage	153,381	-	153,381
Water tap fees	71,500	-	71,500
Other operating revenues	48,983	-	48,983
Total Operating Revenues	<u>2,177,797</u>	<u>-</u>	<u>2,177,797</u>
<u>Operating Expenses</u>			
Water purchases	633,551	-	633,551
Water system utilities	137,322	-	137,322
Water system supplies	49,939	-	49,939
Repairs and maintenance	34,835	-	34,835
Other water system expenses	88,626	-	88,626
Personnel and support	231,795	-	231,795
Professional fees	18,431	262	18,693
Administrative expenses	115,187	-	115,187
Garbage collection fees	147,225	-	147,225
Depreciation and amortization	259,861	-	259,861
Total Operating Expenses	<u>1,716,772</u>	<u>262</u>	<u>1,717,034</u>
Operating Income (Loss)	<u>461,025</u>	<u>(262)</u>	<u>460,763</u>
<u>Nonoperating Revenues (Expenses)</u>			
Interest income	76,288	-	76,288
Interest expense	(83,855)	-	(83,855)
Donations emergency services income	1,668	-	1,668
Donations emergency services expense	(1,506)	-	(1,506)
Capital outlay	(27,808)	-	(27,808)
Miscellaneous income	62,107	-	62,107
Total Nonoperating Revenues (Expenses)	<u>26,894</u>	<u>-</u>	<u>26,894</u>
Change in Net Position	487,919	(262)	487,657
Net Position - beginning of year	<u>5,140,491</u>	<u>(35,293)</u>	<u>5,105,198</u>
Net Position - end of year	<u>\$ 5,628,410</u>	<u>\$ (35,555)</u>	<u>\$ 5,592,855</u>

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

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2023**

	<u>Business-Type Activities Water and Sewer Funds</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 2,128,511
Cash paid to suppliers	(1,219,550)
Cash paid to employees	(224,974)
Net Cash Provided by Operating Activities	<u>683,987</u>
 <u>Cash Flows from Non-Capital Financing Activities</u>	
Contribution income	1,668
Contribution expense	(1,506)
Miscellaneous income	34,298
Net Cash Provided by Non-Capital Financing Activities	<u>34,460</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	(272,482)
Payments on long-term bonds	(334,764)
Interest paid	(83,855)
Net Cash Used by Capital and Related Financing Activities	<u>(691,101)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest received	76,288
Increase in restricted cash	1,850
Net Cash Provided by Investing Activities	<u>78,138</u>
 Net Increase in Cash and Cash Equivalents	105,484
 Cash and Cash Equivalents - beginning of year	<u>2,275,799</u>
 Cash and Cash Equivalents - end of year	<u><u>\$ 2,381,283</u></u>

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

	<u>Business-Type Activities Water and Sewer Funds</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	\$ 460,763
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	259,861
Changes in assets, deferred outflows or resources, liabilities and deferred inflows or resources:	
Change in accounts receivable	(45,298)
Change in net pension asset	83,008
Change in due from other funds	22,417
Change in deferred outflows	(45,347)
Change in accounts payable	64,304
Change in accrued liabilities	(85,411)
Change in due to/from other funds	4,518
Change in customer deposits	(3,988)
Change in net OPEB liability	(12,917)
Change in deferred inflows	(17,923)
Total Adjustments	<u>223,224</u>
Net Cash Provided by Operating Activities	<u>\$ 683,987</u>



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**NOTES TO FINANCIAL STATEMENTS**

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**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Bruceville-Eddy, Texas (the City) was incorporated in 1974 for the purpose of providing public safety, water and sanitation services, planning and general administrative services. The City's present population is approximately 1,420, and it serves approximately 1,900 metered customers.

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements of the City.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group (such as building and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure. In addition to the government-wide financial statements, the City has prepared governmental fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, the City's major governmental fund, is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by GASB Statement No. 34.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of “using up” capital assets - in the Statement of Activities. The net position of the government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government’s functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City’s non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues. Business-type activities include programs supported primarily by water revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include water payments, police fines, etc. If revenue is not program revenue, it is general revenue used to support all of the City’s functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet. All interfund transactions between governmental funds are eliminated on the government-wide statements.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use 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 the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after period end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

**D. FUND ACCOUNTING**

The City reports the following major governmental fund:

General Fund - the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Water Fund and Sewer Fund - used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability.

**Reconciliation of Government-Wide and Fund Financial Statements**

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures and changes in fund balances and change in net position for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures and changes in fund balances. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for financial statements for periods beginning after June 15, 2010, requires governmental fund balances to be reported in one of five classifications, replacing the previous classifications of reserved, unreserved, and designated. These five classifications are non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balances are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances have constraints imposed either 1) by law through constitutional provisions or enabling legislation or 2) by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances represent funds set aside formally by the City Council for specific purposes or by contract. Assigned fund balances are earmarked for specific purposes by the City Council, but are neither restricted nor committed. These balances represent tentative management plans that are subject to change. Unassigned fund balance is the residual classification for the general fund for which the previous classifications do not apply. When different classifications of funds are available for expenditure, the City considers the most restrictive classification amount to have been spent first.

The following is a list of fund balance restrictions used by the City and a description of each:

***Fund Balance Restrictions:***

***Debt Service-*** Funds restricted for the retirement of general long-term debt.

***Court Technology and Building Security-*** Funds restricted, from specific court fees, for the purchase of goods and services that will benefit the court.

***Public Safety-*** Fund restricted, from criminal asset forfeiture programs, to be used only by and for the benefit of the police department.

***Child Safety-*** Funds restricted, from specific court fees, to be used to enhance child safety.

***Capital Projects-*** Funds restricted for use in current and future construction projects.

***Customer Deposits-*** Funds restricted to disbursements for the application to customer account balances or refunds to customer.

**E. ASSETS, LIABILITIES AND NET POSITION**

***1. Deposits and Investments***

The government'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.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. Receivables**

Accounts and property tax receivables are shown net of any allowance for uncollectible accounts. Property taxes receivable for the governmental fund types, which have been remitted within sixty days subsequent to year-end, are considered measurable and available and recognized as revenues. All other property taxes are offset by deferred resources and, accordingly, have not been recorded as revenue.

**3. Restricted Assets**

Restricted assets are liquid assets that have third party (statutory, bond covenant or granting agency) limitations on their use. Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the Balance Sheet and the Statement of Net Position, because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Customer deposits held by the City before any services were supplied are restricted to the service for which the deposits were collected. A percentage of fines collected by the City are restricted and their use limited by state statute.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 2,000 and an estimated useful life in excess of three 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.

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Category</u>	<u>Life</u>
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years
Water facilities	30 years
Infrastructure	20 years

**5. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed in the period incurred.



**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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.

***6. Net Position***

Net Position in government-wide and proprietary financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

***7. Fund Balance***

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable Fund Balance - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority to be reported as committed; amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance – Amounts that do not meet the criteria above and are available for any purpose; positive amounts are reported in the General Fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance, the highest level of action. This is typically done through adoption of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by City Council by passage of a resolution either through adoption or amendment of the budget as intended for specific purposes.

For the classification of Governmental Fund balances, the City considers expenditures to be made from the most restrictive first when more than one classification is available.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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**8. *Estimates***

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's retirement plans and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

**9. *Pensions***

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

**10. *Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Bruceville-Eddy's Post Employment Health Insurance Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable, in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

**11. *Deferred outflows and 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. At this time, the City has two items that qualify for reporting in this category related to the City's pension and OPEB plans through TMRS.

In addition to liabilities, the statement of financial position 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. At this time, the City has five items that qualify for reporting in this category. They are amounts related to deferred property tax, pension and OPEB plans through TMRS, deferred lease income and deferred grant revenues.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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**F. ADOPTION OF NEW ACCOUNTING STANDARDS**

The City has reviewed GASB pronouncements which became effective in the current years, and notes the following statements are applicable to the City:

GASB Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement were effective for reporting periods beginning after June 15, 2021. This pronouncement did not impact the preparation of these financial statements.

**II. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Additional Contractual Provisions governing deposits and investments are as follows:

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the period.
3. Interest Rate Risk – The City has no debt securities that have interest rate risk.
4. Other Credit Risk Exposure – The City does not invest in debt securities.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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5. Concentration Risk – The City’s deposits and investments are exposed to concentration risk in that they are all deposited with the same bank.

**Deposits Credit Risk**

The cash deposits and savings accounts held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 - Deposits, which are insured or collateralized with securities held by the City or by its agent in the City’s name.
- Category 2 - Deposits, which are collateralized with securities, held by the pledging financial institution’s trust department or agent in the City’s name.
- Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the City’s cash deposits are classified as Category 1.

Deposits are stated at cost plus accrued interest and the carrying amounts are displayed on the balance sheet as cash and cash equivalents. Following is a summary of the City’s deposits, by category:

1. Insured by FDIC	\$	5,953,647
2. Collateralized by pledged securities		316,949
3. Uninsured and uncollateralized		-
 Total Bank Balance	 \$	 6,270,596
 Carrying Amount	 \$	 6,231,653

**B. RESTRICTED CASH**

The City had restricted cash of \$ 393,609 in the Water Fund and \$ 658,245 in the General Fund as of September 30, 2023. The restrictions stem from the need to protect customer utility deposits, to set aside a reserve for the payment of interest and principal on bonded indebtedness, and to set aside monies that are restricted by revenue sources as to use.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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**C. RECEIVABLES**

Receivables at year-end for the government’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Fund
Tax receivables	\$ 40,146	\$ -
Less: allowance for uncollectible accounts	(27,971)	-
Tax receivable, net	12,175	-
Accounts receivable	-	212,273
Less: allowance for uncollectible accounts	-	(2,262)
Total Receivables	\$ 12,175	\$ 210,011

**D. INTERFUND RECEIVABLES AND PAYABLES**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. The individual interfund receivables and payable balances at September 30, 2023, were:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 43,041	\$ -
Water Fund	814,071	-
Sewer Fund	-	857,112
Total All Funds	\$ 857,112	\$ 857,112

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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**E. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications (Deletions)</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 649,610	\$ -	\$ -	\$ 649,610
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>649,610</u>	<u>-</u>	<u>-</u>	<u>649,610</u>
Capital assets, being depreciated:				
Buildings and improvements	301,592	2,000	-	303,592
Machinery and equipment	715,003	79,083	(32,082)	762,004
Infrastructure	363,885	-	-	363,885
Total capital assets, being depreciated	<u>1,380,480</u>	<u>81,083</u>	<u>(32,082)</u>	<u>1,429,481</u>
Less accumulated depreciation for:				
Buildings and improvements	(105,711)	(10,058)	-	(115,769)
Machinery and equipment	(496,442)	(64,608)	31,598	(529,452)
Infrastructure	(181,558)	(18,194)	-	(199,752)
Total accumulated depreciation	<u>(783,711)</u>	<u>(92,860)</u>	<u>31,598</u>	<u>(844,973)</u>
Total capital assets, being depreciated, net	<u>596,769</u>	<u>(11,777)</u>	<u>(484)</u>	<u>584,508</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 1,246,379</u>	<u>\$ (11,777)</u>	<u>\$ (484)</u>	<u>\$ 1,234,118</u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
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	Beginning Balance	Additions	Reclassifications (Deletions)	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 559,183	\$ -	\$ -	\$ 559,183
Construction in progress	734,380	4,255	-	738,635
Total capital assets, not being depreciated	<u>1,293,563</u>	<u>4,255</u>	<u>-</u>	<u>1,297,818</u>
Capital assets, being depreciated:				
Buildings and improvements	185,113	-	-	185,113
Water facilities	6,017,425	168,662	-	6,186,087
Machinery and equipment	971,838	99,815	(48,776)	1,022,877
Total capital assets, being depreciated	<u>7,174,376</u>	<u>268,477</u>	<u>(48,776)</u>	<u>7,394,077</u>
Less accumulated depreciation for:				
Buildings and improvements	(135,298)	(1,778)	-	(137,076)
Water facilities	(3,437,761)	(163,267)	-	(3,601,028)
Machinery and equipment	(491,844)	(94,816)	48,527	(538,133)
Total accumulated depreciation	<u>(4,064,903)</u>	<u>(259,861)</u>	<u>48,527</u>	<u>(4,276,237)</u>
Total capital assets, being depreciated, net	<u>3,109,473</u>	<u>8,616</u>	<u>(249)</u>	<u>3,117,840</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 4,403,036</u>	<u>\$ 12,871</u>	<u>\$ (249)</u>	<u>\$ 4,415,658</u>

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

Governmental Activities:	
General government	\$ 10,058
Public safety	64,608
Highways and streets	18,194
Total Depreciation Expense - Governmental Activities	<u>\$ 92,860</u>
Business-Type activities:	
Water and sewer	\$ 259,861
Total Depreciation Expense - Business-Type Activities	<u>\$ 259,861</u>

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**F. LONG-TERM DEBT**

The City's long-term debt at September 30, 2023 is comprised of the following individual issues:

**Proprietary Water Fund Revenue Refunding Bonds:**

\$ 371,000 Series 2011 Certificates of Obligation, maturing September 2025; 15 certificates with interest rates varying from 5.5% to 5.875%; annual principal payments ranging from \$ 33,000 to \$ 35,000 are due per the bonds' maturity dates schedule. Interest is due each March and September; secured by the revenues of the City's water system. \$ 68,000

**Proprietary Water Fund Revenue Bonds**

\$ 731,000 Series 2011 Certificates of Obligation, maturing September 2025; 15 certificates with interest rates varying from 5.5% to 5.875%; annual principal payments ranging from \$ 66,000 to \$ 70,000 are due per the bonds' maturity dates schedule. Interest is due each March and September; secured by the revenues of the City's water system. 136,000

\$ 1,883,000 Series 2013 Certificates of Obligation, maturing September 2028; interest rates varying from 3.25% to 4.25%; annual principal payments ranging from \$ 113,000 to \$ 254,000 are due per the bonds' maturity dates schedule. Interest is due each March and September; secured by the revenues of the City's water system. 961,000

\$ 395,000 Series 2015 Certificates of Obligation, maturing September 2030; interest rate at 4.25%; annual principal payments ranging from \$ 35,000 to \$ 41,000 are due per the bonds' maturity dates schedule. Interest is due each March and September; secured by the revenues of the City's water system. 266,000

\$ 489,200 water meter system loan with Government Capital Corporation; maturing March 2025; payable in annual installments of \$106,736; interest at 2.97%; secured by ad valorem tax revenues. 204,326

Total Proprietary Long-Term Debt	1,635,326
Less Current Portion	(347,668)
Total Long-Term Debt	\$ 1,287,658



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Debt service requirements to maturity for the above long-term debt are as follows:

Water Revenue Refunding Bonds - Series 2011

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 33,000	\$ 4,006	\$ 37,006
2025	35,000	2,056	37,056
Total	<u>\$ 68,000</u>	<u>\$ 6,062</u>	<u>\$ 74,062</u>

Water Revenue Bonds - Series 2011

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 66,000	\$ 8,012	\$ 74,012
2025	70,000	4,113	74,113
Total	<u>\$ 136,000</u>	<u>\$ 12,125</u>	<u>\$ 148,125</u>

Water Revenue Bonds - Series 2013

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,000	\$ 40,375	\$ 153,375
2025	118,000	35,745	153,745
2026	233,000	31,025	264,025
2027	243,000	21,123	264,123
2028	254,000	10,825	264,825
Total	<u>\$ 961,000</u>	<u>\$ 139,093</u>	<u>\$ 1,100,093</u>

Water Revenue Bonds - Series 2015

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,000	\$ 11,305	\$ 46,305
2025	36,000	9,818	45,818
2026	37,000	8,288	45,288
2027	38,000	6,715	44,715
2028	39,000	5,100	44,100
2029-2030	81,000	5,185	86,185
Total	<u>\$ 266,000</u>	<u>\$ 46,411</u>	<u>\$ 312,411</u>

Water Fund Note Payable - Water Meter System

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 100,668	\$ 6,068	\$ 106,736
2025	103,658	3,078	106,736
Total	<u>\$ 204,326</u>	<u>\$ 9,146</u>	<u>\$ 213,472</u>

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There are a number of limitations and restrictions contained in the various bond indentures including, among others, the requirements of the payment of principal and interest from the ad valorem tax levy or from the net revenues of the water fund and the provision of certain reserve funds. The City is in compliance with all such significant financial limitations and restrictions. There is no specific maximum debt limit established by law for the City, therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt.

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 10,722	\$ -	\$ -	\$ 10,722	\$ -
Total OPEB liability	36,394	-	(7,712)	28,682	-
Governmental Activity Long-Term Liabilities	<u>\$ 47,116</u>	<u>\$ -</u>	<u>\$ (7,712)</u>	<u>\$ 39,404</u>	<u>\$ -</u>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 1,668,000	\$ -	\$ (237,000)	\$ 1,431,000	\$ 247,000
Notes Payable	302,090	-	(97,764)	204,326	100,668
Compensated absences	12,868	-	-	12,868	-
Total OPEB liability	24,237	-	(12,917)	11,320	-
Business-Type Activity Long-Term Liabilities	<u>\$ 2,007,195</u>	<u>\$ -</u>	<u>\$ (347,681)</u>	<u>\$ 1,659,514</u>	<u>\$ 347,668</u>
Total Long-Term Liabilities	<u>\$ 2,054,311</u>	<u>\$ -</u>	<u>\$ (355,393)</u>	<u>\$ 1,698,918</u>	<u>\$ 347,668</u>

**G. PROPERTY TAXES**

The appraisal of property within the City is the responsibility of the McLennan County Appraisal District (the District). The District is required under the Property Tax Code to assess all property within the District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the District must be reviewed every four years.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The net assessed value, net of exemptions, upon which the fiscal year ended September 30, 2023, levy was based was \$ 88,708,669. The tax rate for the 2023 tax roll was \$ 0.46 per \$ 100 of assessed value.

Property taxes not collected in the current period are considered not to be available, and therefore, are not accrued as revenue in the current period. Since the City recognizes taxes as revenues only when collected, an allowance for current and delinquent taxes receivable at the end of the period has been established. On the government-wide statements, the amount deferred in the fund statements is recognized as revenue.

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The City has contracted with McLennan County tax collector’s office to collect ad valorem taxes on behalf of the City. The City paid the tax collector \$ 2,001 for these services during the fiscal year ended September 30, 2023.

**H. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The City participates as one of more than 900 plans in the defined benefit cash-balance 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 TMRS 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 that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**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 government TMRS.

At retirement, the benefit is calculated based on the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest. Members may choose to receive their retirement benefit in one of seven 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 member’s contributions and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ratio (city to employee)	1.5 to 1
Years required for vesting	5
Retirement eligibility (Age/Service)	60/5, 0/25
Updated service credit	100% Repeating Transfers
Annuity increase (to retirees)	0% of CPI Repeating
Supplemental death benefit to active employees	Yes
Supplemental death benefit to retirees	Yes

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**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 or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	27
Active employees	17
Total	50

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee total compensation and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities 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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.09% and 5.10% in calendar years 2023 and 2022, respectively. Accordingly, contributions to TMRS for the fiscal year ended September 30, 2023, were \$ 28,463 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (Asset) was measured as of December 31, 2022, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

***Actuarial Assumptions:***

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for 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.

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 real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other public and private markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge funds	5.0%	6.90%
Private equity	10.0%	11.80%
Total	100.0%	

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***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 employees and employer contributions would be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

***Changes in the Net Pension Liability (Asset)***

	<b>Increase (Decrease)</b>		<b>Net Pension Liability (Asset) (a) - (b)</b>
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	
<b>Balance at December 31, 2021</b>	\$ 1,335,831	\$ 1,584,002	\$ (248,171)
Changes for the year:			
Service cost	73,427	-	73,427
Interest	90,878	-	90,878
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(15,640)	-	(15,640)
Changes of assumptions	-	-	-
Contributions - employer	-	30,635	(30,635)
Contributions - employee	-	42,131	(42,131)
Net investment income	-	(115,231)	115,231
Benefit payments, including refunds of employee contributions	(52,412)	(52,412)	-
Administrative expense	-	(1,001)	1,001
Other	-	1,194	(1,194)
Net changes	96,253	(94,684)	190,937
<b>Balance at December 31, 2022</b>	<u>\$ 1,432,084</u>	<u>\$ 1,489,318</u>	<u>\$ (57,234)</u>

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

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

	<b>Current Single Rate</b>		
	<b>1% Decrease 5.75%</b>	<b>Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
City's net pension liability (asset)	\$ 164,913	\$ (57,234)	\$ (237,219)

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at *trms.com*.

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2023, the City recognized pension expense of \$ 18,947. At September 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 21,739
Changes in actuarial assumptions	140	-
Difference between projected and actual investment earnings	177,720	76,493
Sub-total	177,860	98,232
Contributions subsequent to the measurement date	25,963	-
Total	\$ 203,823	\$ 98,232

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$ 25,963 will be recognized as a reduction of the net pension liability (asset) for the measurement year ending December 31, 2023 (i.e., recognized in the City’s financial statement September 30, 2024).

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

<b>Measurement Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2023	\$ (13,857)
2024	22,059
2025	26,999
2026	44,427
Total	\$ 79,628

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**I. SUPPLEMENTAL DEATH BENEFITS FUND**

**Plan Description**

The City also participates in the cost sharing multiple-employer defined benefit 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 this fund by adopting an ordinance before November 1, or any year to be effective the following January 1. The SDBF does not meet the definition of a trust under GASB No. 75 since it does not accumulate assets in a trust, and as such is considered to be a single-employer unfunded OPEB plan.

**Benefit Providers**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$ 7,500; this coverage is an “other post-employment benefit,” or OPEB. The City offers supplemental death benefit to both active employees and retirees for plan years 2023 and 2022.

**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	5
Inactive employees entitled to but not yet receiving benefits	4
Active employees	17
Total	26

**Contributions**

The City contributes to the SDBF at a contractually required rate as determine by an annual actuarial valuation, which was 0.55% for 2023 and 0.38% for 2022, of which 0.42% and 0.31%, respectively, represented the retiree-only portion, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2023 and 2022 were \$ 3,556 and \$ 2,024, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.



**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Total Other Post Employment Benefits Liability**

*Actuarial Assumptions*

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. These assumptions were adopted in 2019 and first used in the December 31, 2019 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality rates for service employees uses the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% per year including inflation
Discount rate	4.05%

*Changes in the Total Other Post Employment Benefits Liability*

	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability</b>
<b>Balance at December 31, 2021</b>	<u>\$ 60,631</u>
Changes for the year:	
Service cost	2,830
Interest on Total OPEB Liability	1,124
Changes of benefit terms	-
Difference between expected and actual experience	(5,293)
Changes of assumptions	(17,424)
Benefit payments	(1,866)
Net changes	<u>(20,629)</u>
<b>Balance at December 31, 2022</b>	<u><u>\$ 40,002</u></u>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***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 current discount rate of 4.05% as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity’s Index’s “20-Year Municipal GO AA Index”.

	<b>1% Decrease 3.05%</b>	<b>Current Discount Rate 4.05%</b>	<b>1% Increase 5.05%</b>
Total OPEB liability	\$ 46,752	\$ 40,002	\$ 34,549

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2023, the City recognized OPEB expense of \$ 1,311. At September 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in actual vs assumption	\$ 2,447	\$ 7,154
Changes in assumptions and other inputs	6,199	15,678
Contributions subsequent to the measurement date	2,230	-
<b>Total</b>	<b>\$ 10,876</b>	<b>\$ 22,832</b>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$ 2,230 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2023 (i.e., recognized in the City’s financial statement September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Measurement Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2023	\$ (2,791)
2024	(2,977)
2025	(2,807)
2026	(2,059)
2027	(1,322)
<b>Total</b>	<b>\$ (11,956)</b>

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**J. COMMITMENTS AND CONTINGENCIES**

**Water Purchase Agreement**

The City has entered into a long-term agreement to purchase water from a water supply company. The contract requires the City to take and/or pay for a minimum quantity of water. The cost of water per gallon is based each year on the amount the water supply corporation needs to recover all operation and maintenance expenses and debt service of the system (i.e. its annual requirement). The water supply company's net annual requirement divided by all contracting parties' minimum take (annual water purchases in gallons) determines the rate per gallon each year. Based on the estimated annual requirements of the water supply company (estimated \$ 3.50 per thousand gallons) and the minimum take (116,160,000 gallons) for the City; the City is committed to pay an estimated \$ 406,560 for water during the fiscal year ending September 30, 2024, under this contract.

**K. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property and workers' compensation coverage. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing to the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

**L. COMPENSATED ABSENCES**

Employees accrue vacation leave based on the number of years employed up to a maximum of 20 days per year. The accrual year starts with the date employee starts full-time and subsequent anniversary dates. Employees may carry over earned vacation past the accrual year with approval of Mayor and Council. However, the accrual is not to exceed forty days beyond the end of the fiscal year. Upon separation from service, employees are paid for any earned and unused vacation time. Vested vacation is recorded in the proprietary fund as a liability and expense and in the government fund as a fund liability and expenditure, if payable from current resources. The value of the earned and unused portion of governmental compensated absences at year-end is reported as a governmental activity non-current liability.

**M. SUBSEQUENT EVENTS**

Management has reviewed and evaluated subsequent events through December 18, 2023, the date of the independent auditor's report.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS - TMRS PENSION PLAN**  
**(UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (c)=(a/b)	Unfunded (Over-funded) AAL (UAAL) (d)=(b-a)	Covered Payroll (e)	UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/19	\$ 1,257,111	\$ 1,176,674	106.8%	\$ (80,437)	\$ 602,118	-13.4%
12/31/20	\$ 1,347,111	\$ 1,246,845	108.0%	\$ (100,266)	\$ 527,523	-19.0%
12/31/21	\$ 1,454,585	\$ 1,335,831	108.9%	\$ (118,754)	\$ 511,256	-23.2%
12/31/22	\$ 1,561,975	\$ 1,432,084	109.1%	\$ (129,891)	\$ 601,864	-21.6%

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST NINE FISCAL YEARS**  
**(UNAUDITED)**

<b>Measurement Date December 31,</b>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total Pension Liability</b>			
Service cost	\$ 54,818	\$ 59,965	\$ 70,311
Interest (on the total pension liability)	52,962	57,485	62,206
Changes of benefit terms	-	-	-
Difference between expected and actual experience	6,337	(2,980)	14,860
Changes of assumptions	-	28,121	-
Benefit payments, including refunds of employee contributions	<u>(59,705)</u>	<u>(44,461)</u>	<u>(50,341)</u>
<b>Net change in total pension liability</b>	54,412	98,130	97,036
<b>Total pension liability - beginning</b>	<u>759,045</u>	<u>813,457</u>	<u>911,587</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 813,457</u>	<u>\$ 911,587</u>	<u>\$ 1,008,623</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 11,011	\$ 22,932	\$ 24,767
Contributions - employee	31,687	34,154	38,785
Net investment income	50,496	1,351	62,762
Benefit payments, including refunds of employee contributions	(59,705)	(44,461)	(50,341)
Administrative expense	(527)	(823)	(708)
Other	<u>(43)</u>	<u>(41)</u>	<u>(38)</u>
<b>Net change in plan fiduciary net position</b>	32,919	13,112	75,227
<b>Plan fiduciary net position - beginning</b>	<u>882,942</u>	<u>915,861</u>	<u>928,973</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 915,861</u>	<u>\$ 928,973</u>	<u>\$ 1,004,200</u>
<b>City's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (102,404)</u>	<u>\$ (17,386)</u>	<u>\$ 4,423</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	112.59%	101.91%	99.56%
<b>Covered-employee payroll</b>	\$ 452,668	\$ 487,917	\$ 554,066
<b>City's net pension liability (asset) as a percentage of covered-employee payroll</b>	-22.62%	-3.56%	0.80%

**Notes to Schedule:**

10 years of information is required to be provided in this schedule, but information prior to 2014 is not available.

See independent auditor's report.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 72,681	\$ 78,723	\$ 77,613	\$ 66,573	\$ 65,339	\$ 73,427
69,034	74,069	79,197	79,528	84,490	90,878
-	-	-	-	-	-
(18,354)	6,329	(62,632)	(12,380)	(5,216)	(15,640)
-	-	1,052	-	-	-
<u>(44,461)</u>	<u>(59,130)</u>	<u>(106,070)</u>	<u>(63,550)</u>	<u>(55,627)</u>	<u>(52,412)</u>
78,900	99,991	(10,840)	70,171	88,986	96,253
<u>1,008,623</u>	<u>1,087,523</u>	<u>1,187,514</u>	<u>1,176,674</u>	<u>1,246,845</u>	<u>1,335,831</u>
<u>\$ 1,087,523</u>	<u>\$ 1,187,514</u>	<u>\$ 1,176,674</u>	<u>\$ 1,246,845</u>	<u>\$ 1,335,831</u>	<u>\$ 1,432,084</u>
\$ 30,179	\$ 34,245	\$ 31,551	\$ 30,175	\$ 26,074	\$ 30,635
40,315	43,909	42,148	36,927	35,788	42,131
139,115	(34,884)	177,542	98,090	181,471	(115,231)
(44,461)	(59,130)	(106,070)	(63,550)	(55,627)	(52,412)
(721)	(677)	(1,006)	(637)	(843)	(1,001)
<u>(37)</u>	<u>(34)</u>	<u>(31)</u>	<u>(25)</u>	<u>6</u>	<u>1,194</u>
164,390	(16,571)	144,134	100,980	186,869	(94,684)
<u>1,004,200</u>	<u>1,168,590</u>	<u>1,152,019</u>	<u>1,296,153</u>	<u>1,397,133</u>	<u>1,584,002</u>
<u>\$ 1,168,590</u>	<u>\$ 1,152,019</u>	<u>\$ 1,296,153</u>	<u>\$ 1,397,133</u>	<u>\$ 1,584,002</u>	<u>\$ 1,489,318</u>
<u>\$ (81,067)</u>	<u>\$ 35,495</u>	<u>\$ (119,479)</u>	<u>\$ (150,288)</u>	<u>\$ (248,171)</u>	<u>\$ (57,234)</u>
107.45%	97.01%	110.15%	112.05%	118.58%	104.00%
\$ 575,922	\$ 627,274	\$ 602,118	\$ 527,523	\$ 511,256	\$ 601,864
-14.08%	5.66%	-19.84%	-28.49%	-48.54%	-9.51%



**CITY OF BRUCEVILLE-EDDY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
LAST NINE FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended September 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 20,175	\$ 23,518	\$ 27,827	\$ 33,936	\$ 35,535
Contributions in relation to the actuarially determined contribution	<u>20,175</u>	<u>23,518</u>	<u>27,827</u>	<u>33,936</u>	<u>35,535</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$481,101	\$520,306	\$552,658	\$628,394	\$613,795
Contributions as a percentage of covered employee payroll	4.19%	4.52%	5.04%	5.40%	5.79%

**Notes to Schedule of Contributions**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
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.

**Other Information:**

Notes There were no benefit changes during the year.

10 years of information is required to be provided in this schedule, but information prior to 2015 is not available.

See independent auditor's report.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 31,743	\$ 26,413	\$ 28,463	\$ 31,559
<u>31,743</u>	<u>26,413</u>	<u>28,463</u>	<u>31,559</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$568,158	\$503,699	\$558,949	\$698,253
5.59%	5.24%	5.09%	4.52%

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST SIX FISCAL YEARS**  
**(UNAUDITED)**

Measurement Date December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 1,382	\$ 1,756	\$ 1,626	\$ 1,846	\$ 2,556	\$ 2,830
Interest (on the total OPEB liability)	1,392	1,417	1,538	1,471	1,178	1,124
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(1,215)	91	(4,568)	(1,750)	(5,293)
Changes of assumptions	3,421	(2,866)	9,015	7,048	1,650	(17,424)
Benefit payments, including refunds of employee contributions	(403)	(376)	(361)	(317)	(1,227)	(1,866)
<b>Net Change in Total OPEB Liability</b>	5,792	(1,284)	11,909	5,480	2,407	(20,629)
<b>Total OPEB Liability - Beginning</b>	<u>36,327</u>	<u>42,119</u>	<u>40,835</u>	<u>52,744</u>	<u>58,224</u>	<u>60,631</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 42,119</u>	<u>\$ 40,835</u>	<u>\$ 52,744</u>	<u>\$ 58,224</u>	<u>\$ 60,631</u>	<u>\$ 40,002</u>
<b>Covered Employee Payroll</b>	\$575,922	\$627,274	\$602,118	\$527,523	\$511,256	\$601,864
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	7.31%	6.51%	8.76%	11.04%	11.86%	6.65%

**Notes to Schedule:**

This schedule is intended to present information for ten years. However, previous years' information is not available.

**Other Information:**

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

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

In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

$$\text{Total covered payroll} \times \text{Retiree Portion of SDB Contribution (Rate)}$$

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
SCHEDULE OF OPEB CONTRIBUTIONS  
LAST SIX FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended September 30,	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 377	\$ 368	\$ 341	\$ 1,209	\$ 2,024	\$ 3,556
Contributions in relation to the actuarially determined contribution	<u>377</u>	<u>368</u>	<u>341</u>	<u>1,209</u>	<u>2,024</u>	<u>3,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$628,394	\$613,795	\$568,158	\$503,699	\$558,949	\$698,253
Contributions as a percentage of covered employee payroll	0.06%	0.06%	0.06%	0.24%	0.36%	0.51%

**Valuation Date:**

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

Notes

**Methods and Assumptions Used to Determine Contribution Rates:**

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of 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 - disables retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**Other Information:**

Notes 10 years of information is required to be provided in this schedule, but information prior to 2018 is not available.

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2023**  
**with Comparative Totals for the Year Ended September 30, 2022**

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<u>Revenues</u>					
Property taxes	\$ 409,100	\$ 409,100	\$ 414,306	\$ 5,206	\$ 408,211
Sales and miscellaneous taxes	100,000	100,000	129,031	29,031	112,512
Franchise taxes	60,000	60,000	58,088	(1,912)	56,196
Fines and forfeitures	265,600	265,600	285,411	19,811	287,763
Licenses and permits	11,500	11,500	39,578	28,078	15,418
Interest income	18,000	18,000	109,038	91,038	16,796
Miscellaneous income	20,598	20,598	89,454	68,856	371,747
<b>Total Revenues</b>	<b>884,798</b>	<b>884,798</b>	<b>1,124,906</b>	<b>240,108</b>	<b>1,268,643</b>
<u>Expenditures</u>					
General government:					
Salaries & wages	213,990	213,788	213,786	2	152,062
Payroll taxes and insurance	61,889	62,458	62,451	7	44,179
Administrative costs	52,172	63,068	62,964	104	52,452
Utilities	17,500	17,362	15,857	1,505	14,446
Legal and accounting	31,934	24,921	23,301	1,620	10,144
Repairs and maintenance	5,200	6,054	6,051	3	6,202
Public safety:					
Salaries & wages	315,694	317,740	317,737	3	224,084
Payroll taxes and insurance	92,418	103,674	103,642	32	57,086
Operating costs	131,247	117,845	155,809	(37,964)	156,409
Equipment	102,000	102,280	90,706	11,574	202,457
Legal and accounting	35,434	24,376	20,057	4,319	15,105
Repairs and maintenance	20,100	23,292	23,220	72	18,629
Highways and streets:					
Streets	41,750	41,970	41,968	2	14,791
Capital outlay	-	2,500	2,500	-	55,977
<b>Total Expenditures</b>	<b>1,121,328</b>	<b>1,121,328</b>	<b>1,140,049</b>	<b>(18,721)</b>	<b>1,024,023</b>
Excess (deficiency) of revenues over expenditures	(236,530)	(236,530)	(15,143)	221,387	244,620
<u>Other Financing Sources</u>					
Transfers in	236,530	236,530	-	(236,530)	-
Total other financing sources	236,530	236,530	-	(236,530)	-
Net change in fund balance	-	-	(15,143)	(15,143)	244,620
Fund Balance - beginning of year	3,036,251	3,036,251	3,036,251	-	2,791,631
Fund Balance - end of year	<u>\$ 3,036,251</u>	<u>\$ 3,036,251</u>	<u>\$ 3,021,108</u>	<u>\$ (15,143)</u>	<u>\$ 3,036,251</u>

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL - WATER FUND**  
**For the Year Ended September 30, 2023**  
**with Comparative Totals for the Year Ended September 30, 2022**

	2023			2022	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<u>Operating Revenues</u>					
Water	\$ 1,693,000	\$ 1,693,000	\$ 1,903,933	\$ 210,933	\$ 1,712,863
Garbage	150,000	150,000	153,381	3,381	139,787
Water tap fees	70,000	70,000	71,500	1,500	78,450
Re-connect fees	43,600	43,600	48,983	5,383	43,216
Total Operating Revenues	<u>1,956,600</u>	<u>1,956,600</u>	<u>2,177,797</u>	<u>221,197</u>	<u>1,974,316</u>
<u>Operating Expenses</u>					
Water purchases	395,000	633,551	633,551	-	339,920
Water system utilities	148,300	145,531	137,322	8,209	142,244
Other water system expenses	138,751	84,546	49,939	34,607	44,884
Repairs and maintenance	78,650	66,389	34,835	31,554	36,815
Water System Supplies	89,500	89,628	88,626	1,002	98,719
Personnel and support	232,000	224,976	231,795	(6,819)	239,072
Professional fees	72,434	21,725	18,431	3,294	55,919
Administrative expenses	96,264	109,484	115,187	(5,703)	104,551
Garbage collection fees	147,600	147,600	147,225	375	134,667
Depreciation and amortization	-	-	259,861	(259,861)	233,956
Total Operating Expenses	<u>1,398,499</u>	<u>1,523,430</u>	<u>1,716,772</u>	<u>(193,342)</u>	<u>1,430,747</u>
Operating Income	558,101	433,170	461,025	27,855	543,569
<u>Nonoperating Revenues (Expenses)</u>					
Interest income	25,000	25,000	76,288	51,288	13,743
Interest expense	(82,042)	(83,712)	(83,855)	(143)	(97,148)
Donations emergency service					
Income	2,000	2,000	1,668	(332)	1,845
Expense	(2,000)	(1,550)	(1,506)	44	(1,826)
Capital outlay	(192,294)	(66,000)	(27,808)	38,192	-
Miscellaneous income	26,000	26,000	62,107	36,107	7,934
Total Nonoperating Revenues (Expenses)	<u>(223,336)</u>	<u>(98,262)</u>	<u>26,894</u>	<u>125,156</u>	<u>(75,452)</u>
Change in net position	334,765	334,908	487,919	153,011	468,117
Net Position - beginning of year	<u>5,140,491</u>	<u>5,140,491</u>	<u>5,140,491</u>	<u>-</u>	<u>4,672,374</u>
Net Position - end of year	<u>\$ 5,475,256</u>	<u>\$ 5,475,399</u>	<u>\$ 5,628,410</u>	<u>\$ 153,011</u>	<u>\$ 5,140,491</u>

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS  
NOTES TO REQUIRED BUDGETARY INFORMATION  
FOR TH YEAR ENDED SEPTTEMBER 30, 2023**

**A. BUDGETARY DATA**

The City adopts its annual budget on a basis consistent with accounting principles generally accepted in the United States of America (GAAP basis) for the General Fund. The Water Fund budget is prepared on a basis (budget basis) which differs from GAAP basis. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund and function. The legal level of budgetary control is the fund level.

1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:
  - b. Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing those expenditures.
  - b. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
  - c. The budget is legally enacted by the City Council.
  - d. Budget revisions may be made during the period.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City over-expended its budget as follows:

<u>General Fund</u>	
Operating cost	\$ 37,964
 <u>Proprietary Water Fund</u>	
Personnel and support	\$ 6,819
Administrative expenses	\$ 5,703
Depreciation and amortization	\$ 259,861

See independent auditor's report.

**INDIVIDUAL FUND FINANCIAL STATEMENTS**



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**CITY OF BRUCEVILLE-EDDY, TEXAS  
COMPARATIVE BALANCE SHEETS - GENERAL FUND  
September 30, 2023 and 2022**

	2023	2022
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 54,936	\$ 210,985
Investments	2,743,580	2,554,114
Taxes receivable, net	12,175	11,825
Due from other funds	43,041	16,106
Cash and cash equivalents, restricted	658,245	783,685
 Total Assets	 \$ 3,511,977	 \$ 3,576,715
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 12,208	\$ 69,822
State criminal costs and fees payable	26,435	14,965
Other accrued expenses	8,015	11,817
 Total Liabilities	 46,658	 96,604
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred CLFR fund revenue	421,324	421,324
Unavailable revenues - property tax	12,175	11,824
Unavailable revenues - lease income	10,712	10,712
 Total Deferred Inflows of Resources	 444,211	 443,860
<b><u>FUND BALANCES</u></b>		
Restricted for:		
Court technology and building security	9,907	13,775
Public safety	205,090	343,322
Child safety	6,889	4,820
Unassigned	2,799,222	2,674,334
 Total Fund Balances	 3,021,108	 3,036,251
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 3,511,977	 \$ 3,576,715

See independent auditor's report.

**CITY OF BRUCEVILLE-EDDY, TEXAS**  
**COMPARATIVE STATEMENTS OF NET POSITION – WATER FUND**  
**September 30, 2023 and 2022**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 2,381,283	\$ 2,275,799
Accounts receivable, net	<u>210,011</u>	<u>164,713</u>
Total current assets	<u>2,591,294</u>	<u>2,440,512</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	286,647	280,429
Certificate of deposits	62,845	60,744
Customer deposits	44,117	54,286
Net pension asset	16,196	99,204
Due from other funds	814,071	836,488
Capital assets:		
Land	476,262	476,262
Buildings and improvements	185,113	185,113
Water facilities	6,186,087	6,017,425
Machinery and equipment	1,022,876	971,838
Less: accumulated depreciation	<u>(4,276,237)</u>	<u>(4,064,903)</u>
Total capital assets	<u>3,594,101</u>	<u>3,585,735</u>
Total Assets	<u>7,409,271</u>	<u>7,357,398</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> 		
Deferred amounts related to pensions	57,678	10,080
Deferred amounts related to OPEB	<u>3,078</u>	<u>5,329</u>
Total Deferred Outflows of Resources	<u>60,756</u>	<u>15,409</u>
 Total Assets and Deferred Outflows of Resources	 <u>7,470,027</u>	 <u>7,372,807</u>

See independent auditor's report.

	<u>2023</u>	<u>2022</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	97,580	33,276
Other accrued liabilities	9,417	94,828
Customer deposits	40,847	44,835
Liabilities payable from restricted assets:		
Bonds and notes payable - current portion	347,668	334,764
Total current liabilities	<u>495,512</u>	<u>507,703</u>
Noncurrent liabilities:		
Compensated absences	12,868	12,868
Net OPEB liability	11,320	24,237
Liabilities payable from restricted assets:		
Bonds and notes payable	1,287,658	1,635,326
Total Liabilities	<u>1,807,358</u>	<u>2,180,134</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred amounts related to pensions	27,798	49,745
Deferred amounts related to OPEB	6,461	2,437
Total Deferred Inflows of Resources	<u>34,259</u>	<u>52,182</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>1,841,617</u>	 <u>2,232,316</u>

**NET POSITION**

Net investment in capital assets	1,958,775	1,615,645
Restricted for:		
Debt service	286,647	280,429
Capital projects	62,845	60,744
Customer deposits	44,117	54,286
Unrestricted	<u>3,276,026</u>	<u>3,129,387</u>
 Total Net Position	 <u>\$ 5,628,410</u>	 <u>\$ 5,140,491</u>

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

Honorable Mayor and  
Members of the City Council  
City of Bruceville-Eddy, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of 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, and have issued our report thereon dated December 18, 2023.

**Internal Control over Financial Reporting**

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

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

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


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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Temple, Texas  
December 18, 2023