

CITY OF PRESIDIO, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2023



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



CITY OF PRESIDIO, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of the  
City of Presidio, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Presidio, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Presidio, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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.

### ***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. We also audited the financial statements of the Presidio Municipal Development District (PMDD) which are presented within the government-wide financial statements. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

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

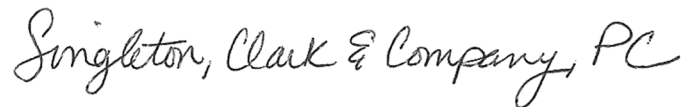


### ***Other Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Alpine, Texas

February 28, 2024

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CITY OF PRESIDIO, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
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 Presidio, Texas, (hereafter the “City”) discuss and analyze the financial performance of the City for the year ended September 30, 2023. Please read this information in conjunction with the City’s basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The City’s net position for governmental activities increased by \$429,832 as a result of this year’s current operations, to end at \$4,458,543.
- Net position for the City’s business-type activities (the utility operations for water, sewer, and landfill) increased by \$35,874 for the current year, to end at \$13,005,945. This net position is primarily invested in utility infrastructure and equipment.
- The General Fund of the City reported a fund balance of \$-0- as of year-end, which was unchanged from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Financial Section is the most substantial part of this Annual Financial Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting schedules as applicable.

Independent Auditor’s Report

State law requires the City’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual financial audit is for the auditor to express an opinion as to whether the financial statements of the City appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The City received an *Unmodified* opinion on its financial statements for the year ended September 30, 2023.

Management’s Discussion and Analysis

The management’s discussion and analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the City during the year. The MD&A is written by management of the City and provides for a less formal presentation of the financial activities of the City than is found within the basic financial statements themselves.

Basic Financial Statements

The basic financial statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the City in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the City using a short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

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

Required Supplementary Information

The previously discussed MD&A section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the City presents required schedules related to its participation in the Texas Municipal Retirement System (TMRS) pension and supplemental death benefits plans.

Other Supplementary Information

The combining schedules provide detailed information about the City's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining schedules list all of the nonmajor funds separately, each in its own column for enhanced analysis when needed.

**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 with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets, deferred outflows, liabilities, and deferred inflows 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. These apply the full-accrual basis of accounting which is the same basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided between those provided by governmental sources such as from tax levies or intergovernmental payments, and those provided by customers in exchange for services, such as City utilities. All of the City's assets are reported whether they serve the current year or future years. Likewise, all liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in net position. The City's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the City's financial health. 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 City's property tax base, the condition of the City's facilities, and the local economy.

In the Statement of Net Position and the Statement of Activities, the City divides up and reports its financial activities as follows:

- Governmental activities – Basic services are reported here, including the provision of general government services, public safety, and culture and recreation services. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities –The City charges fees to "customers" to help it cover all or most of the cost of services it provides for items such as water, sewer, and landfill operations in an arrangement much like a business venture.

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

## Reporting the City's Most Significant Funds

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

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund types available for use by local governments fall into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental Funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. To achieve this change in focus within the governmental fund financial statements, the modified-accrual basis of accounting is used.

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

The City maintained seven individual governmental funds during the year. Information is presented separately in the governmental fund *balance sheet* and in the governmental fund *statement of revenues, expenditures, and changes in fund balances* for the General Fund, the Police Seizure Fund, and the State and Local Fiscal Recovery Fund, all of which met the criteria to be reported as a *major fund* this year. Data from the other four governmental funds are combined into a single aggregated presentation titled *Total Nonmajor Funds*. Individual fund data for each of these nonmajor governmental funds is however provided in the form of combining schedules in the combining fund schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A comparison statement has been provided for the General Fund to present the City's current year originally adopted budget, the budget as amended by year-end, and the final actual reported amounts for revenues and expenditures in each line item.

### ***Proprietary Funds***

The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The City uses *enterprise funds* to account for its water, sewer, and landfill utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's functions. The City currently uses an internal service fund to account for its self-insured employee health insurance program. All proprietary funds utilize the full-accrual basis of accounting.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. However, during the current year the City did not engage in activities that required the use of a fiduciary fund.

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

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements and should be considered an integral component to the overall financial analysis of the City.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Reviewing a City's net position levels for both governmental activities and business-type activities can help in assessing a City's current financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$4,458,543, and business-type activities by \$13,005,945 at the close of the most recent fiscal year. The components of these amounts are summarized in the chart below.

**City of Presidio, Texas  
Condensed Statement of Net Position  
As of September 30, 2023 and September 30, 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 2,278,261	\$ 1,975,603	\$ 2,025,158	\$ 1,215,948	\$ 4,303,419	\$ 3,191,551
Capital assets	4,324,850	4,379,152	13,256,548	13,654,670	17,581,398	18,033,822
Other noncurrent assets	47,837	374,290	14,141	90,953	61,978	465,243
<b>Total assets</b>	<b>6,650,948</b>	<b>6,729,045</b>	<b>15,295,847</b>	<b>14,961,571</b>	<b>21,946,795</b>	<b>21,690,616</b>
Deferred outflows of resources	150,381	32,159	44,457	7,814	194,838	39,973
Current liabilities	995,006	1,059,945	642,964	155,760	1,637,970	1,215,705
Noncurrent liabilities	1,287,550	1,518,755	1,673,589	1,806,183	2,961,139	3,324,938
<b>Total liabilities</b>	<b>2,282,556</b>	<b>2,578,700</b>	<b>2,316,553</b>	<b>1,961,943</b>	<b>4,599,109</b>	<b>4,540,643</b>
Deferred inflows of resources	60,230	153,793	17,806	37,371	78,036	191,164
Net position:						
Net investment in capital assets	3,109,936	3,078,590	10,693,813	10,693,813	13,803,749	13,772,403
Restricted	624,732	608,832	-	-	624,732	608,832
Unrestricted	723,875	341,289	2,312,132	2,276,258	3,036,007	2,617,547
<b>Total net position</b>	<b>\$ 4,458,543</b>	<b>\$ 4,028,711</b>	<b>\$ 13,005,945</b>	<b>\$ 12,970,071</b>	<b>\$ 17,464,488</b>	<b>\$ 16,998,782</b>

By far, the largest portion of the City's combined total net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related outstanding debt that was used to acquire those assets. This amount, reported as *net investment in capital assets*, totaled \$13,803,749 as of year-end. The City uses these capital assets to provide a variety of services to its citizens within both the governmental and business-type activities categories. Accordingly, these assets are not liquid and are therefore not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

An additional portion of the City's net position represents resources that are subject to external constraints on how they may be used, and as such that portion of net position is reported as *restricted* net position. Restricted net position totaled \$624,732 as of year-end. The remaining portion of net position is reported as *unrestricted* and may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position totaled \$3,036,007 as of year-end.

**Governmental Activities**

Net position for governmental activities increased by \$429,832 from current year operations, to end the year at \$4,458,543. The increase in net position for governmental activities is primarily due to accounting differences between the government-wide financial statements and fund basis statements and a transfer in of resources from the business-type activities of the City.

**Business-type Activities**

Net position of the City's business-type activities increased by \$35,874 to end the year at \$13,005,945. Operating results within the business-type activities were consistent with prior years. In addition, the utility funds provided supplemental financing assistance to the General Fund again this year.

A summary of the components of these changes in net position is summarized below:

**City of Presidio, Texas  
Condensed Statement of Activities  
For the Years Ended September 30, 2023 and September 30, 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 656,645	\$ 513,395	\$ 2,381,513	\$ 2,144,212	\$ 3,038,158	\$ 2,657,607
Operating grants & contributions	547,640	736,862	-	-	547,640	736,862
General revenues:						
Property taxes	1,051,601	977,069	-	-	1,051,601	977,069
Sales and selective taxes and fees	609,219	614,394	-	-	609,219	614,394
Other miscellaneous revenues	455,033	77,661	22,175	164,758	477,208	242,419
<b>Total revenue</b>	<b>3,320,138</b>	<b>2,919,381</b>	<b>2,403,688</b>	<b>2,308,970</b>	<b>5,723,826</b>	<b>5,228,351</b>
Expenses:						
General government	1,035,982	1,145,539	-	-	1,035,982	1,145,539
Public safety	1,578,419	1,356,269	-	-	1,578,419	1,356,269
Culture and recreation	710,574	608,498	-	-	710,574	608,498
Non-departmental	147,982	126,191	-	-	147,982	126,191
Interest on debt	39,774	42,237	-	-	39,774	42,237
Water utilities	-	-	750,738	652,156	750,738	652,156
Sewer utilities	-	-	619,668	665,262	619,668	665,262
Landfill utilities	-	-	374,983	329,449	374,983	329,449
<b>Total expenses</b>	<b>3,512,731</b>	<b>3,278,734</b>	<b>1,745,389</b>	<b>1,646,867</b>	<b>5,258,120</b>	<b>4,925,601</b>
Increase (decrease) in net position before transfers	(192,593)	(359,353)	658,299	662,103	465,706	302,750
Gain (Loss) on sale of assets	-	(61,821)	-	-	-	(61,821)
Transfers in/(out)	622,425	697,518	(622,425)	(697,518)	-	-
Increase (decrease) in net position	429,832	276,344	35,874	(35,415)	465,706	240,929
Net position-beginning	4,028,711	3,752,367	12,970,071	13,005,486	16,998,782	16,757,853
<b>Net position-ending</b>	<b>\$ 4,458,543</b>	<b>\$ 4,028,711</b>	<b>\$ 13,005,945</b>	<b>\$ 12,970,071</b>	<b>\$ 17,464,488</b>	<b>\$ 16,998,782</b>

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

**Financial Analysis of the City's Governmental Funds**

The focus of the City's *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources of these funds. Such information is useful in assessing the City's ability to continue to provide a consistent level of services to citizens in the coming years. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$838,424, which represents an increase of \$363,528 from the prior year. Of this amount, \$349,513 is restricted for debt service expenditures, \$106,374 is restricted for economic development purposes, \$18,947 is restricted for state and federal grants, and \$363,590 is restricted for other specific purposes. As of year-end, there was no remaining residual amount to constitute *unassigned fund balance*. The unassigned portion of fund balance represents funds available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$-0-, which remained unchanged from the prior year. As a measure of the General Fund's liquidity, it is useful to compare total fund balance of the General Fund to the total normal General Fund annual expenditures level. A healthy fund balance level for the General Fund of a governmental entity is said to be approximately 25% of annual General Fund expenditures. Considering this guideline, a good target fund balance level for the City's General Fund would be approximately \$800,000.

The lack of change in the fund balance of the General Fund during the current fiscal year was primarily the result of a deficit budget being adopted at the beginning of the fiscal year without the General Fund having the resources to cover this deficit. As a result, at year end the General Fund initially experienced a negative fund balance. This negative condition was remedied with transfers in from the City's utility funds. The City is working to improve its budgeting function to help ensure these conditions do not persist.

The Police Seizure Fund, reported as a major fund this year, experienced a significant police seizure of funds during the year. After expenditure of some of these funds on police supplies and equipment, this fund reported a fund balance increase of \$312,136, to end at \$340,093.

The State and Local Fiscal Recovery Fund, reported as a major fund this year, is a fund established to account for the receipt of pandemic recovery funds. This fund does not report a fund balance due to funds received not being recognized as revenue until spent. As of year-end, this fund maintained \$674,934 in unspent pandemic money.

***Financial Analysis of the City's Proprietary Funds***

The City's proprietary funds provide the same information reported for the overall consolidated business-type activities in the government-wide financial statements, but in more detail through the use of a separate fund for each utility operation of the City.

The Water Fund reported revenues of \$768,049 compared to operating expenses of \$702,026. After considering a small amount of interest income and interest expense on outstanding bonds, the Water Fund reported income before transfers in and out of \$18,485. These operating results are consistent with prior years. Net position in the Water Fund ended the year at \$3,264,358.



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

The Sewer Fund reported revenues of \$497,127 compared to operating expenses of \$619,668. After a small amount of interest income, the fund experienced a loss of \$122,364 before transfers in. The City has recently increased sewer rates to help address operating losses in this fund. Net position in the Sewer Fund ended the year at \$8,308,793.

The Landfill Fund reported revenues of \$1,137,161 compared to operating expenses of \$374,983, resulting in income of \$762,178. In addition, the Landfill Fund provided supplemental financial assistance to the City's General Fund during the year with a transfer of funds in the amount of \$896,766. With this transfer to the General Fund, the Landfill Fund experienced a net position decrease of \$134,588 to end at \$1,432,794.

### General Fund Budgetary Highlights

The City adopted an original budget of estimated revenues and expenditures prior to the beginning of the fiscal year. As the year progressed, expenditure needs exceeded the originally adopted amounts within some departments. The budget was amended during the year to accommodate these larger than expected expenditure levels.

### Capital Assets and Debt Administration

#### Capital Assets

The City's investment in capital assets for its governmental activities as of September 30, 2023 amounted to \$4,324,850, while the investment in capital assets for business-type activities amounted to \$13,256,548. Both of these amounts are net of accumulated depreciation. These investments in capital assets include land, buildings, infrastructure, and machinery and equipment.

**City of Presidio, Texas**  
**Capital Assets, Net of Accumulated Depreciation**  
**As of September 30, 2023 and September 30, 2022**

	Governmental Activities 2023	Governmental Activities 2022	Change	Business-Type Activities 2023	Business- Activities 2022	Change
Land	\$ 377,400	\$ 377,400	\$ -	\$ 512,731	\$ 512,731	\$ -
Buildings and improvements	3,917,215	3,885,571	31,644	7,042,695	7,042,695	-
Infrastructure	1,358,948	1,358,948	-	11,071,065	10,866,044	205,021
Machinery and equipment	2,268,773	2,003,997	264,776	1,402,676	1,402,676	-
Construction in progress	212,484	225,142	(12,658)	41,370	82,759	(41,389)
Right to Use Leased Assets	84,297	84,297	-	293,182	293,182	-
Total	<u>8,219,117</u>	<u>7,935,355</u>	<u>283,762</u>	<u>20,363,719</u>	<u>20,200,087</u>	<u>163,632</u>
Less accumulated depr.	<u>(3,894,267)</u>	<u>(3,556,203)</u>	<u>(338,064)</u>	<u>(7,107,171)</u>	<u>(6,545,417)</u>	<u>(561,754)</u>
Capital assets, net	<u>\$ 4,324,850</u>	<u>\$ 4,379,152</u>	<u>\$ (54,302)</u>	<u>\$ 13,256,548</u>	<u>\$ 13,654,670</u>	<u>\$ (398,122)</u>

Additional information on the City's capital assets can be found in Note 5 of the notes to the financial statements section of this report.

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CITY OF PRESIDIO, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

*Long-Term Debt*

At the end of the current fiscal year, the City had total debt outstanding of \$2,872,683. Within governmental activities the outstanding debt is \$1,219,277, while business activities outstanding debt totaled \$1,653,406. Debt consisted of a mixture of general obligation bonds, certificates of obligation, lease obligations, and compensated absences payable.

A summary of these long-term liabilities follows.

**City of Presidio, Texas  
Long-Term Debt  
As of September 30, 2023 and September 30, 2022**

	Governmental Activities 2023	Governmental Activities 2022	Change	Business- Activities 2023	Business- Activities 2022	Change
General obligation bonds	\$ 1,200,000	\$ 1,255,000	\$ (55,000)	\$ -	\$ -	\$ -
Certificates of obligation	-	-	-	1,455,000	1,500,000	(45,000)
Right-to-use lease obligations	14,914	45,562	(30,648)	195,707	252,055	(56,348)
Compensated absences payable	4,363	107,653	(103,290)	2,699	27,267	(24,568)
Total	<u>\$ 1,219,277</u>	<u>\$ 1,408,215</u>	<u>\$ (188,938)</u>	<u>\$ 1,653,406</u>	<u>\$ 1,779,322</u>	<u>\$ (125,916)</u>

The City’s total debt decreased by a net amount \$314,854 during the current fiscal year. This decrease was the result of regularly scheduled payments on long-term debt during the year and lower accrued compensated absences as of year-end.

Additional information on the City’s long-term debt can be found in Note 11 of the notes to the financial statements section of this report.

**Economic Factors and Next Year’s Budgets and Rates**

The City considered many factors when setting the Fiscal Year 2024 budget, such as needs of the citizens, the City’s long-term plan, and the status of the local economy. Based on these considerations, the City adopted a General Fund expenditures budget for Fiscal Year 2024 of approximately \$3,271,000, which represents an increase of \$10,600 from Fiscal Year 2023 final year-end budgeted expenditures. The City adopted a total tax rate of \$0.581577 per \$100 of property valuation to assist with financing this budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Presidio’s finances for all those with an interest. For questions concerning any of the information provided in this report, or requests for additional information, please contact the City’s Finance Department at 507 W. O’Reilly Street, Presidio, Texas 79845 or by calling (432) 229-3517.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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CITY OF PRESIDIO, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Presidio Municipal Dev. District
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,612,614	\$ 1,066,469	\$ 2,679,083	\$ 576,644
Investments	121,497	5,904	127,401	-
Taxes receivable - delinquent	497,643	-	497,643	-
Allowance for uncollectible taxes	(49,766)	-	(49,766)	-
Accounts receivable, net	324,386	212,167	536,553	13,106
Internal balances	(240,047)	726,987	486,940	-
Prepaid items	11,934	13,631	25,565	-
Net pension asset	47,837	14,141	61,978	-
Capital assets, not being depreciated:				
Land	377,400	512,731	890,131	27,746
Construction in progress	212,484	41,369	253,853	-
Capital assets, being depreciated:				
Buildings and improvements	3,917,215	7,042,695	10,959,910	131,932
Infrastructure	1,358,948	11,071,065	12,430,013	27,526
Furniture and equipment	2,268,773	1,402,676	3,671,449	-
Right-to-use leased assets	84,297	293,182	377,479	-
Accumulated depreciation	(3,894,267)	(7,107,170)	(11,001,437)	(56,333)
Total assets	<u>6,650,948</u>	<u>15,295,847</u>	<u>21,946,795</u>	<u>720,621</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows-pension	147,233	43,526	190,759	-
Deferred outflows-OPEB	3,148	931	4,079	-
Total deferred outflows of resources	<u>150,381</u>	<u>44,457</u>	<u>194,838</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	101,357	8,557	109,914	3,942
Accrued salaries and benefits	67,957	20,170	88,127	-
Accrued liabilities	-	4	4	-
Intergovernmental payable	-	5,693	5,693	-
Due to other funds	-	486,940	486,940	-
Accrued interest payable	3,029	3,874	6,903	-
Unearned revenue	674,934	-	674,934	-
Other current liabilities	147,729	-	147,729	-
Customer deposits	-	117,726	117,726	-
Noncurrent liabilities:				
Due within one year	66,646	104,476	171,122	-
Due in more than one year	1,152,631	1,548,930	2,701,561	-
Net OPEB liability	68,273	20,183	88,456	-
Total liabilities	<u>2,282,556</u>	<u>2,316,553</u>	<u>4,599,109</u>	<u>3,942</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows-pensions	34,185	10,106	44,291	-
Deferred inflows-OPEB	26,045	7,700	33,745	-
Total deferred inflows of resources	<u>60,230</u>	<u>17,806</u>	<u>78,036</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,109,936	10,693,813	13,803,749	130,871
Restricted for debt service	475,914	-	475,914	-
Restricted for economic development	106,374	-	106,374	84,000
Restricted for state and federal grants	18,947	-	18,947	-
Restricted for other purposes	23,497	-	23,497	-
Unrestricted	723,875	2,312,132	3,036,007	501,808
Total net position	<u>\$ 4,458,543</u>	<u>\$ 13,005,945</u>	<u>\$ 17,464,488</u>	<u>\$ 716,679</u>

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

CITY OF PRESIDIO, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs:	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental activities:			
General government	\$ 1,035,982	\$ 89,076	\$ 182,861
Public safety	1,578,419	377,519	364,779
Culture and recreation	710,574	190,050	-
Non-departmental	147,982	-	-
Interest and debt costs	39,774	-	-
Total governmental activities:	3,512,731	656,645	547,640
Business-type activities:			
Water services	750,738	768,048	-
Sewer services	619,668	497,127	-
Landfill services	374,983	1,116,338	-
Total business-type activities:	1,745,389	2,381,513	-
Total primary government	\$ 5,258,120	\$ 3,038,158	\$ 547,640
Component unit:			
Presidio Municipal Development District	\$ 152,713	\$ -	\$ -
	\$ 152,713	\$ -	\$ -
General revenues:			
Property taxes			
Sales taxes			
Hotel/motel taxes			
Franchise taxes			
Contributions and donations			
Investment earnings			
Miscellaneous			
Total general revenues			
Special items and transfers			
Transfers in/(out)			
Total general revenues, special items, and transfers			
Change in net position			
Net position - beginning			
Net position - ending			

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



Net (Expense) Revenue and Changes in Net Position				Component Unit
Primary Government			Presidio	
Governmental	Business-Type		Municipal	
Activities	Activites	Total	Development	
			District	
\$ (764,045)	\$ -	\$ (764,045)	\$ -	
(836,121)	-	(836,121)	-	
(520,524)	-	(520,524)	-	
(147,982)	-	(147,982)	-	
(39,774)	-	(39,774)	-	
<u>(2,308,446)</u>	<u>-</u>	<u>(2,308,446)</u>	<u>-</u>	
-	17,310	17,310	-	
-	(122,541)	(122,541)	-	
-	741,355	741,355	-	
<u>-</u>	<u>636,124</u>	<u>636,124</u>	<u>-</u>	
<u>(2,308,446)</u>	<u>636,124</u>	<u>(1,672,322)</u>	<u>-</u>	
			<u>(152,713)</u>	
			<u>(152,713)</u>	
1,051,601	-	1,051,601	-	
489,756	-	489,756	159,736	
79,814	-	79,814	-	
39,649	-	39,649	-	
405,219	-	405,219	-	
3,561	1,351	4,912	590	
46,253	20,824	67,077	-	
<u>2,115,853</u>	<u>22,175</u>	<u>2,138,028</u>	<u>160,326</u>	
622,425	(622,425)	-	-	
<u>622,425</u>	<u>(622,425)</u>	<u>-</u>	<u>160,326</u>	
429,832	35,874	465,706	7,613	
4,028,711	12,970,071	16,998,782	709,066	
<u>\$ 4,458,543</u>	<u>\$ 13,005,945</u>	<u>\$ 17,464,488</u>	<u>\$ 716,679</u>	

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**FUND BASIS FINANCIAL STATEMENTS**

CITY OF PRESIDIO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund	Police Seizure	State and Local Fiscal Recovery Funds	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 340,093	\$ 674,934	\$ 449,904	\$ 1,464,931
Investments	111,946	-	-	9,551	121,497
Taxes receivable - delinquent	357,196	-	-	140,447	497,643
Allowance for uncollectible delinq. taxes	(35,720)	-	-	(14,046)	(49,766)
Accounts receivable	582,626	-	-	34,979	617,605
Allowance for uncollectible accounts rec.	(293,219)	-	-	-	(293,219)
Due from other funds	8,634	-	-	12,977	21,611
Prepaid items	11,934	-	-	-	11,934
Total assets and deferred outflows	<u>\$ 743,397</u>	<u>\$ 340,093</u>	<u>\$ 674,934</u>	<u>\$ 633,812</u>	<u>\$ 2,392,236</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 92,277	\$ -	\$ -	\$ 9,080	\$ 101,357
Accrued salaries and benefits	67,957	-	-	-	67,957
Due to other funds	261,687	-	-	-	261,687
Unearned revenue	-	-	674,934	-	674,934
Total liabilities	<u>421,921</u>	<u>-</u>	<u>674,934</u>	<u>9,080</u>	<u>1,105,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - property taxes	321,476	-	-	126,401	447,877
Total deferred inflows of resources	<u>321,476</u>	<u>-</u>	<u>-</u>	<u>126,401</u>	<u>447,877</u>
<b>FUND BALANCES</b>					
Restricted for:					
Economic development	-	-	-	106,374	106,374
Debt service	-	-	-	349,513	349,513
State and federal grants	-	-	-	18,947	18,947
Other purposes	-	340,093	-	23,497	363,590
Total fund balances	<u>-</u>	<u>340,093</u>	<u>-</u>	<u>498,331</u>	<u>838,424</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 743,397</u>	<u>\$ 340,093</u>	<u>\$ 674,934</u>	<u>\$ 633,812</u>	<u>\$ 2,392,236</u>

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

CITY OF PRESIDIO, TEXAS  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

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

	Total fund balance of all governmental funds	\$	838,424
1	Capital assets used in governmental activities are not current financial resources and therefore not reported in the funds.		
	Total governmental activities capital assets	\$	8,219,117
	Less accumulated depreciation		<u>(3,894,267)</u>
	Governmental capital assets, net of depreciation		4,324,850
2	Long-term liabilities, such as bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds payable	(1,200,000)	
	Right-to-use leases payable	(14,914)	
	Compensated absences payable	<u>(4,363)</u>	
	Total long-term liabilities		(1,219,277)
3	Accrued interest on long-term debt is not due and payable until matured and therefore not recorded in the governmental funds.		(3,029)
4	Other long-term assets, such as uncollected property taxes, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds rather than equity.		447,877
5	Net Position of the Internal Service Fund is a nonexpendable financial resource and therefore not recorded in the government-wide financial statements.		(17)
6	Liabilities and assets for pension and other post-employment benefits (OPEB), including the related deferred inflows and outflows arising from the actuarial measurement of these liabilities, are not payable in the current period and therefore only recorded in the government-wide financial statements.		
	Net pension asset	47,837	
	Net OPEB liability	(68,273)	
	Deferred inflows related to pension and OPEB	(60,230)	
	Deferred outflows related to pension and OPEB	<u>150,381</u>	
	Total pension and OPEB related items		<u>69,715</u>
	Net position of governmental activities	\$	<u><u>4,458,543</u></u>

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

CITY OF PRESIDIO, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Police Seizure	State and Local Fiscal Recovery Funds	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 834,586	\$ -	\$ -	\$ 213,084	\$ 1,047,670
Sales taxes	489,756	-	-	-	489,756
Hotel/motel taxes	-	-	-	79,814	79,814
Franchise taxes	39,649	-	-	-	39,649
Intergovernmental revenues	189,554	-	177,648	180,438	547,640
Charges for services	576,754	-	-	-	576,754
Fines	67,751	-	-	-	67,751
Investment earnings	2,966	-	-	595	3,561
Rents and royalties	12,140	-	-	-	12,140
Grants and contributions	17,895	387,324	-	-	405,219
Miscellaneous revenue	46,253	-	-	-	46,253
Total revenues	<u>2,277,304</u>	<u>387,324</u>	<u>177,648</u>	<u>473,931</u>	<u>3,316,207</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
Administrative departments	660,021	-	14,016	96	674,133
Municipal court	114,960	-	-	-	114,960
Code enforcement	35,220	-	-	-	35,220
Streets and highways	151,758	-	-	-	151,758
Public safety:					
Police	657,572	75,188	-	-	732,760
Fire	42,831	-	-	-	42,831
EMS	825,161	-	-	34,326	859,487
Animal control	55,426	-	-	-	55,426
Culture and recreation:					
Parks	143,031	-	-	-	143,031
Library	68,056	-	-	-	68,056
Youth club	8,372	-	-	-	8,372
Senior center	331,579	-	-	-	331,579
Tourism	-	-	-	97,157	97,157
Non-departmental	134,774	-	-	-	134,774
Debt service:					
Principal	30,648	-	-	55,000	85,648
Interest	1,009	-	-	38,458	39,467
Issuance costs	-	-	-	445	445
Total expenditures	<u>3,260,418</u>	<u>75,188</u>	<u>14,016</u>	<u>225,482</u>	<u>3,575,104</u>
Excess (deficiency) of revenues over expenditures	<u>(983,114)</u>	<u>312,136</u>	<u>163,632</u>	<u>248,449</u>	<u>(258,897)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	983,114	-	-	-	983,114
Transfers out	-	-	(163,632)	(197,057)	(360,689)
Total other financing sources (uses)	<u>983,114</u>	<u>-</u>	<u>(163,632)</u>	<u>(197,057)</u>	<u>622,425</u>
Net change in fund balance	-	312,136	-	51,392	363,528
Fund balance - beginning	-	27,957	-	446,939	474,896
Fund balance - ending	<u>\$ -</u>	<u>\$ 340,093</u>	<u>\$ -</u>	<u>\$ 498,331</u>	<u>\$ 838,424</u>

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

CITY OF PRESIDIO, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

	Net change in fund balances for total governmental funds	\$	363,528
1	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. Below are the capital expenditures and depreciation expense for the current period.		
	Governmental funds capital expenditures	\$	283,762
	Governmental activities depreciation expense		<u>(338,064)</u>
			(54,302)
2	Payment on long-term liabilities, such as bonds and notes payable, are expenditures in the governmental funds, but reduce long-term debt in the government-wide financial statements.		85,648
3	Accrued interest on long-term liabilities is not recorded in the governmental funds. Therefore, the changes in this accrued amount each year cause a difference in expense between the governmental funds and the government-wide financial statements.		138
4	A liability for compensated absences is not recorded in the governmental funds. Therefore, the changes in this accrued amount each year cause a difference in expense between the governmental funds and the government-wide financial statements.		103,290
5	Property taxes are recognized as revenue when received in the governmental funds, but recognized when levied within the governmental activities financial statements.		3,931
6	Liabilities and assets for pension and other post-employment benefits (OPEB), including the related deferred inflows and outflows arising from the actuarial measurement of these liabilities, are not payable in the current period and therefore only recorded in the government-wide financial statements. Therefore expense resulting from the changes in these items each year is also only reflected in the government-wide financial statements.		
	Current year pension expense		(72,685)
	Current year OPEB expense		<u>284</u>
			<u>(72,401)</u>
	Change in net position for governmental activities	\$	<u><u>429,832</u></u>

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

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CITY OF PRESIDIO, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 827,546	\$ 827,546	\$ 834,586	\$ 7,040
Sales taxes	475,000	435,000	489,756	54,756
Franchise taxes	35,000	36,000	39,649	3,649
Intergovernmental revenues	137,500	122,500	189,554	67,054
Charges for services	418,500	423,809	576,754	152,945
Fines	30,000	66,000	67,751	1,751
Investment earnings	-	2,800	2,966	166
Rents and royalties	12,500	12,600	12,140	(460)
Grants and contributions	-	6,440	17,895	11,455
Miscellaneous revenue	-	-	46,253	46,253
Total revenues	<u>1,936,046</u>	<u>1,932,695</u>	<u>2,277,304</u>	<u>344,609</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Administrative departments	739,884	664,836	660,021	4,815
Municipal court	124,165	120,566	114,960	5,606
Code enforcement	84,220	38,247	35,220	3,027
Streets	274,077	167,549	151,758	15,791
Public safety:				
Police	411,179	491,475	657,572	(166,097)
Fire	59,365	50,189	42,831	7,358
EMS	658,702	722,934	825,161	(102,227)
Animal control	55,382	62,772	55,426	7,346
Culture and recreation:				
Parks	178,872	161,403	143,031	18,372
Library	60,764	71,283	68,056	3,227
Youth club	6,380	10,470	8,372	2,098
Senior center	330,775	348,531	331,579	16,952
Non-departmental	234,500	139,271	134,774	4,497
Debt service:				
Principal	-	30,648	30,648	-
Interest	-	1,009	1,009	-
Total expenditures	<u>3,218,265</u>	<u>3,081,183</u>	<u>3,260,418</u>	<u>(179,235)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,282,219)</u>	<u>(1,148,488)</u>	<u>(983,114)</u>	<u>165,374</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	20,000	983,114	963,114
Total other financing sources (uses)	<u>-</u>	<u>20,000</u>	<u>983,114</u>	<u>963,114</u>
Net change in fund balances	<u>(1,282,219)</u>	<u>(1,128,488)</u>	<u>-</u>	<u>1,128,488</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ (1,282,219)</u>	<u>\$ (1,128,488)</u>	<u>\$ -</u>	<u>\$ 1,128,488</u>

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

CITY OF PRESIDIO, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			Governmental Activities	
	Water Fund	Sewer Fund	Landfill Fund	Total	
				Business-Type Activities	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 518,699	\$ 419,435	\$ 128,335	\$ 1,066,469	\$ 147,683
Investments	2,094	3,810	-	5,904	-
Accounts receivable, net	80,681	48,005	83,481	212,167	-
Due from other funds	-	-	726,987	726,987	29
Prepaid items	-	-	13,631	13,631	-
Total current assets	<u>601,474</u>	<u>471,250</u>	<u>952,434</u>	<u>2,025,158</u>	<u>147,712</u>
Noncurrent assets:					
Net pension asset	6,215	3,177	4,749	14,141	-
Land	48,630	174,097	290,004	512,731	-
Construction in progress	41,369	-	-	41,369	-
Buildings and improvements	42,695	7,000,000	-	7,042,695	-
Infrastructure	5,571,576	5,499,489	-	11,071,065	-
Furniture and equipment	245,953	251,127	905,596	1,402,676	-
Right-to-use leased assets	-	-	293,182	293,182	-
Accumulated depreciation	(1,218,125)	(5,083,141)	(805,904)	(7,107,170)	-
Total noncurrent assets	<u>4,738,313</u>	<u>7,844,749</u>	<u>687,627</u>	<u>13,270,689</u>	<u>-</u>
Total assets	<u>5,339,787</u>	<u>8,315,999</u>	<u>1,640,061</u>	<u>15,295,847</u>	<u>147,712</u>
<b>DEF. OUTFLOWS OF RESOURCES</b>					
Deferred outflows-pension	19,131	9,778	14,617	43,526	-
Deferred outflows-OPEB	409	209	313	931	-
Total deferred outflows	<u>19,540</u>	<u>9,987</u>	<u>14,930</u>	<u>44,457</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,300	2,487	770	8,557	-
Accrued salaries and benefits	8,517	4,963	6,690	20,170	-
Accrued liabilities	4	-	-	4	-
Intergovernmental payable	-	-	5,693	5,693	-
Due to other funds	486,911	-	29	486,940	-
Accrued interest payable	3,874	-	-	3,874	-
Other current liabilities	-	-	-	-	147,712
Customer deposits	117,726	-	-	117,726	-
Total current liabilities	<u>622,332</u>	<u>7,450</u>	<u>13,182</u>	<u>642,964</u>	<u>147,712</u>
Noncurrent liabilities:					
Due in more than one year	1,455,940	1,209	196,257	1,653,406	-
Net OPEB obligation	8,871	4,534	6,778	20,183	-
Total noncurrent liabilities	<u>1,464,811</u>	<u>5,743</u>	<u>203,035</u>	<u>1,673,589</u>	<u>-</u>
Total liabilities	<u>2,087,143</u>	<u>13,193</u>	<u>216,217</u>	<u>2,316,553</u>	<u>147,712</u>
<b>DEF. INFLOWS OF RESOURCES</b>					
Deferred inflows-pensions	4,442	2,270	3,394	10,106	-
Total deferred inflows	<u>7,826</u>	<u>4,000</u>	<u>5,980</u>	<u>17,806</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	504,342	9,634,345	555,126	10,693,813	-
Unrestricted	2,760,016	(1,325,552)	877,668	2,312,132	-
Total net position	<u>\$ 3,264,358</u>	<u>\$ 8,308,793</u>	<u>\$ 1,432,794</u>	<u>\$ 13,005,945</u>	<u>\$ -</u>

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

CITY OF PRESIDIO, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			Total Proprietary Funds	Governmental Activities
	Water Fund	Sewer Fund	Landfill Fund		Internal Service Fund
<b>REVENUES</b>					
Operating revenues:					
Charges for services:					
Water sales	\$ 722,861	\$ -	\$ -	\$ 722,861	\$ -
Sewerage service	-	496,077	-	496,077	-
Other charges for services	45,187	1,050	1,116,338	1,162,575	-
Miscellaneous revenue	1	-	20,823	20,824	-
Total operating revenues	<u>768,049</u>	<u>497,127</u>	<u>1,137,161</u>	<u>2,402,337</u>	<u>-</u>
<b>EXPENSES</b>					
Operating expenses:					
Personnel services	279,006	166,170	215,111	660,287	-
Purchased prof. and tech. svcs.	5,930	2,132	1,422	9,484	-
Purchased property services	7,910	18,018	-	25,928	-
Other purchased services	35,594	10,094	44,342	90,030	-
Materials and supplies	79,140	23,478	47,160	149,778	-
Other operating expenses	133,644	40,113	25,660	199,417	-
Depreciation	160,802	359,663	41,288	561,753	-
Total operating expenses	<u>702,026</u>	<u>619,668</u>	<u>374,983</u>	<u>1,696,677</u>	<u>-</u>
Operating income (loss)	<u>66,023</u>	<u>(122,541)</u>	<u>762,178</u>	<u>705,660</u>	<u>-</u>
Nonoperating revenues (expenses)					
Investment earnings	1,174	177	-	1,351	17
Interest expense	(48,712)	-	-	(48,712)	-
Total nonoperating revenues (expenses)	<u>(47,538)</u>	<u>177</u>	<u>-</u>	<u>(47,361)</u>	<u>17</u>
Income before transfers in (out)	18,485	(122,364)	762,178	658,299	17
Transfers in	250,436	23,905	-	274,341	-
Transfers out	-	-	(896,766)	(896,766)	-
Change in net position	<u>268,921</u>	<u>(98,459)</u>	<u>(134,588)</u>	<u>35,874</u>	<u>17</u>
Net position-beginning	2,995,437	8,407,252	1,567,382	12,970,071	(17)
Net position-ending	<u>\$ 3,264,358</u>	<u>\$ 8,308,793</u>	<u>\$ 1,432,794</u>	<u>\$ 13,005,945</u>	<u>\$ -</u>

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

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CITY OF PRESIDIO, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			Total Proprietary Funds	Governmental Activities
	Water Fund	Sewer Fund	Landfill Fund		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 747,853	\$ 484,104	\$ 1,128,516	\$ 2,360,473	\$ -
Other miscellaneous receipts	1	-	20,823	20,824	-
Payments to employees for salaries and benefits	(275,097)	(157,660)	(210,714)	(643,471)	-
Payments to suppliers and service providers	(267,954)	(95,501)	(136,987)	(500,442)	58,093
Net cash provided by (used for) oper. act.	<u>204,803</u>	<u>230,943</u>	<u>801,638</u>	<u>1,237,384</u>	<u>58,093</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interfund borrowings	-	-	(63,877)	(63,877)	-
Interfund transfers	250,436	23,905	(896,766)	(622,425)	-
Acquisition and construction of capital assets	(163,631)	-	-	(163,631)	-
Issuance of long-term debt	(56,766)	(9,288)	(59,862)	(125,916)	-
Interest paid on capital debt	(48,828)	-	-	(48,828)	-
Net cash provided by (used for) capital and related financing activities	<u>(18,789)</u>	<u>14,617</u>	<u>(1,020,505)</u>	<u>(1,024,677)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of (proceeds from) investments	(97)	(177)	-	(274)	-
Interest on investments	1,174	177	-	1,351	16
Net cash provided by investing activities	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>1,077</u>	<u>16</u>
Net increase (decrease) in cash and cash equivalents	187,091	245,560	(218,867)	213,784	58,109
Cash and cash equivalents-beginning	331,608	173,875	347,202	852,685	89,574
Cash and cash equivalents-ending	<u>\$ 518,699</u>	<u>\$ 419,435</u>	<u>\$ 128,335</u>	<u>\$ 1,066,469</u>	<u>\$ 147,683</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:					
Operating income (loss)	<u>\$ 66,023</u>	<u>\$ (122,541)</u>	<u>\$ 762,178</u>	<u>\$ 705,660</u>	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	160,802	359,663	41,288	561,753	-
(Increase) decrease in accounts receivable	(29,197)	(13,023)	11,516	(30,704)	-
(Increase) decrease in net pension asset	28,094	27,987	20,731	76,812	-
(Increase) decrease in deferred outflows	(16,593)	(7,309)	(12,741)	(36,643)	-
(Increase) decrease in prepaid items	-	-	(13,631)	(13,631)	-
(Decrease) increase in accounts payable	(5,736)	(1,666)	(4,772)	(12,174)	-
(Decrease) increase in accrued liabilities	(60)	1,307	2,305	3,552	58,093
(Decrease) increase in customer deposits	9,002	-	-	9,002	-
(Decrease) increase in net pension/OPEB	(1,261)	(4,670)	(747)	(6,678)	-
(Decrease) increase in deferred inflows	(6,271)	(8,805)	(4,489)	(19,565)	-
Total adjustments	<u>138,780</u>	<u>353,484</u>	<u>39,460</u>	<u>531,724</u>	<u>58,093</u>
Net cash provided by (used for) oper. act.	<u>\$ 204,803</u>	<u>\$ 230,943</u>	<u>\$ 801,638</u>	<u>\$ 1,237,384</u>	<u>\$ 58,093</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**NOTE-1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Presidio, Texas (the “City”) was incorporated in December of 1983 under the provisions of the Constitution of the State of Texas and operates under a City Council-City Administrator form of government. The City Council is composed of a Mayor and five Council members, all of whom are elected at large for two-year staggered terms. The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations.

The accounting policies of the City relating to the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for state and local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). Descriptions of the significant accounting policies of the City as they relate to the basic financial statements are provided below.

**The Financial Reporting Entity**

The City is a financial reporting entity as defined by GASB in its Statement No. 14, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34”.

Based on the criteria provided in the aforementioned GASB standards for reporting component units, the City presents the financial statements of the Presidio Municipal Development District (the “PMDD”) within its own financial statements as a discretely presented component unit. This reporting classification was determined based on the fact that while the PMDD is a legally separate entity, the City of Presidio appoints the PMDD board members and can exercise significant influence over the PMDD.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City in a consolidated fashion, with the effect of interfund activity removed. Within these statements, *governmental activities*, which are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely on fees and charges for support. The government-wide financial statements employ the full-accrual method of accounting.

**Fund Financial Statements**

Governmental entities utilize fund accounting to demonstrate accountability for the receipt and proper usage of financial resources which are often restricted for certain purposes. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In addition, a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance can be found within this annual financial report for each fund the City utilizes. *Major* individual governmental and proprietary funds are reported within the basic financial statements. Non-major governmental and proprietary funds are reported later within the annual financial report as supplementary information.

The City reports the following major governmental funds for the current year:

The *General Fund* is the City’s primary operating fund. It accounts for all financial resources of the City that are not required to be accounted for in another fund.

The *Police Seizure Fund* is a governmental fund which accounts for funds obtained through police seizures and the related expenditures of those funds.

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The *State and Local Fiscal Recovery Fund* accounts for the revenues and expenditures related to funds received for the purpose of alleviating the impact of the COVID-19 Public Health Emergency.

The City reports the following major proprietary funds for the current year:

The *Water Fund* accounts for the revenues, expenses, and related assets, liabilities, and residual equity amounts of the City's water utility operations.

The *Sewer Fund* accounts for the revenues, expenses, and related assets, liabilities, and residual equity amounts of the City's wastewater utility operations.

The *Landfill Fund* accounts for the revenues, expenses, and related assets, liabilities, and residual equity amounts of the City's landfill operations.

Additionally, the City reports the following fund types:

*Special Revenue Funds* account for resources received by the City that are restricted, committed, or assigned for specific purposes. The revenues, expenditures, and related assets, liabilities, and residual fund balances are accounted for separately in these funds.

*Internal Service Funds* account for services provided to other funds and the accumulation of resources to supply those services in a manner which levels costs from year to year.

During the course of operations, the City has activity between funds for various purposes. For example, the General Fund may temporarily loan funds to a Special Revenue Fund for purposes of a cost-reimbursement grant. Any residual balances outstanding at year end are reported as *due from* or *due to* other funds to appropriately track these amounts for settlement in the future. While these balances are reported in fund financial statements, certain eliminations of these balances are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving *transfers* of resources between funds. Exchanges of this manner are intended to be permanent, therefore not requiring repayment by the receiving fund. In the fund financial statements these amounts are reported at gross amounts as *transfers in* or *transfers out*. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **Measurement Focus and Basis of Accounting**

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

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

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

Proprietary, pension and other post-employment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

## **Budgetary Information**

### ***1. Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. Capital Projects, when underway, are appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

***2. Excess of expenditures over appropriations***

For the year ended September 30, 2023, expenditures exceeded appropriations in the Police and EMS Department line items of the Public Safety function by \$166,097 and \$102,227, respectively.

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

***1. Cash and cash equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. This includes the City's deposits within Local Government Investment Pools since these funds are available for withdrawal at any time.

***2. Investments***

Investments for the City are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although they are not registered with the SEC.

***3. Inventories and prepaid items***

Inventories are valued at cost when recorded and generally consist of expendable supplies and utility operations repair parts and components. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The City currently only records inventory and prepaid items when the cost of goods and services paid for in advance or before consumed is deemed to be significant to the financial statements.

***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets have been generally defined by the City in the past as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. In the future the City expects to adopt a formal policy containing these capital asset definitions.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF PRESIDIO, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Land and construction in progress are not depreciated. Other property, plant, equipment, and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20-40
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20
Infrastructure	50
Water and wastewater distribution systems	50

**5. *Deferred outflows/inflows of resources***

In addition to assets, the Statement of Financial Position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources until the later period. 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 represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The financial statement item, *unavailable revenue*, is a type of deferred inflow which is reported only on the governmental funds Balance Sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. *Net position flow assumption***

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

**7. *Fund balance flow assumptions***

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

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**8. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until the committed fund balance has been used on the committed purpose or until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Administrator has been granted the authority to assign fund balance as needed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

**1. Program revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or department of the City and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or department. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax roll as of January 1, 2022, upon which the levy for the 2022-2023 fiscal year was based, was \$172,377,059. Taxes are due upon receipt of the tax bill and are past due and subject to penalties, interest, and delinquent collection fees for attorney costs if not paid by February 1 of the year following the October 1 levy date.

The tax rates assessed for the year ended September 30, 2023, to finance General Fund and Debt Service Fund operations were \$0.484890 and \$0.110198, respectively, for a total tax rate of \$0.595088 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2022-2023 fiscal year was \$1,025,795. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2023, were 98.6% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**3. *Compensated absences***

Vacation

The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists.

**4. *Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water Fund, Sewer Fund, and Landfill Fund are charges to customers for utility and refuse services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds also include the cost of providing sales and services to customers, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE-2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**1. *Violations of Legal or Contractual Provisions***

Expenditures exceeded appropriations in the City’s legally adopted budget within the Police Department line item by \$166,097 and the EMS line item by \$102,227 during the year.

**2. *Deficit Fund Equity***

As of September 30, 2023, the City did not report any individual funds with a deficit in ending equity nor any activities within the government-wide financial statements with a deficit net position.

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**NOTE-3 CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

***Cash Deposits***

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City addresses this risk by ensuring all cash deposits held at banks in the City’s name are insured by either federal FDIC coverage or pledged collateral. As of September 30, 2023, the City’s deposits balance at 1<sup>st</sup> Presidio Bank, including certificates of deposit listed as investments below, was \$2,564,297. All of this listed amount was secured by federal FDIC insurance coverage.

***Investments***

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

Investment Type	Depository	Maturity Time in Years			
		Less than 1	1-5	6-10	More Than 10
Certificates of Deposit	1st Presidio Bank	\$ 57,342	\$ -	\$ -	\$ -
Local Government Investment Pool	LOGIC	70,059	-	-	-
Total investments		\$ 127,401	\$ -	\$ -	\$ -

Certificates of deposit are purchased periodically from the City’s local depository bank periodically to take advantage of slightly higher interest rates than deposits within demand accounts.

LOGIC is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control.

LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise.

Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to LOGIC. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management business of JPMorgan Chase & Co. Hilltop Securities Inc. (Hilltop Securities) and JPMIM serve as co-administrators to LOGIC, and Hilltop Securities provides administrative, participant support, and marketing services. Hilltop Securities is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities across the country. JPMorgan Chase Bank N.A. provides custodial services.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.



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*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to the top rating issued by NRSROs. The City does not generally invest in commercial paper or corporate bonds. The credit quality rating of the LOGIC local government investment pool as of September 30, 2023 was “AAAm” by Standard and Poor’s.

*Concentration of credit risk.* The City’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City’s total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This City has determined its custodial credit risk for investments is minimal due to its certificates of deposits being covered primarily by FDIC insurance and a smaller portion by pledged securities and its usage of local government investment pools with high credit quality ratings.

**NOTE-4 RECEIVABLES**

The City displays amounts for accounts receivable and any related allowance for uncollectible accounts in separate lines in the financial statements for governmental funds. Receivables are shown net of allowance within the proprietary funds. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the City, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 357,196	\$ 140,447	\$ 497,643
Sales taxes	82,542	-	82,542
Franchise taxes	4,753	-	4,753
EMS services	386,965	-	386,965
Miscellaneous receivables	108,366	34,979	143,345
Gross receivables	939,822	175,426	1,115,248
Less: Allowance for uncollectibles	(328,939)	(14,046)	(342,985)
Net receivables	\$ 610,883	\$ 161,380	\$ 772,263

Proprietary Funds:

Receivables	Water Fund	Sewer Fund	Landfill Fund	Total Proprietary Funds
Utility receivables	\$ 90,906	\$ 54,259	\$ 110,805	\$ 255,970
Less: allowance for uncollectibles	(11,177)	(6,254)	(27,324)	(44,755)
Returned checks	952	-	-	952
Net receivables	\$ 80,681	\$ 48,005	\$ 83,481	\$ 212,167

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**NOTE-5 CAPITAL ASSETS**

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

	Balance				Balance
	10/1/22	Increases	Decreases	Adjustments	9/30/23
Capital assets, not being depreciated:					
Land	\$ 377,400	\$ -	\$ -	\$ -	\$ 377,400
Construction in progress	225,142	-	-	(12,658)	212,484
Total capital assets, not depreciated	602,542	-	-	(12,658)	589,884
Capital assets, being depreciated:					
Buildings and improvements	3,885,571	12,658	-	18,986	3,917,215
Infrastructure	1,358,948	-	-	-	1,358,948
Machinery and equipment	2,003,997	264,776	-	-	2,268,773
Right-to-Use Leased Assets	84,297	-	-	-	84,297
Total capital assets, being depreciated	7,332,813	277,434	-	18,986	7,629,233
Less accumulated depreciation for:					
Buildings and improvements	(1,224,204)	(96,666)	-	-	(1,320,870)
Infrastructure	(962,247)	(21,146)	-	-	(983,393)
Machinery and equipment	(1,321,753)	(191,547)	-	-	(1,513,300)
Right-to-Use Leased Assets	(47,999)	(28,705)	-	-	(76,704)
Total accumulated depreciation	(3,556,203)	(338,064)	-	-	(3,894,267)
Total capital assets depreciated, net	3,776,610	(60,630)	-	18,986	3,734,966
Governmental activities capital assets, net	\$ 4,379,152	\$ (60,630)	\$ -	\$ 6,328	\$ 4,324,850

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

	Balance				Balance
	10/1/22	Increases	Decreases	Adjustments	9/30/23
Capital assets, not being depreciated:					
Land	\$ 512,731	\$ -	\$ -	\$ -	\$ 512,731
Construction in progress	82,759	41,369	-	(82,758)	41,370
Total capital assets, not being depreciated	595,490	41,369	-	(82,758)	554,101
Capital assets, being depreciated:					
Buildings and improvements	7,042,695	-	-	-	7,042,695
Infrastructure	10,866,044	122,263	-	82,758	11,071,065
Machinery and equipment	1,402,676	-	-	-	1,402,676
Right-to-Use Leased Assets	293,182	-	-	-	293,182
Total capital assets, being depreciated	19,604,597	122,263	-	82,758	19,809,618
Less accumulated depreciation for:					
Buildings and improvements	(2,442,695)	(200,000)	-	-	(2,642,695)
Infrastructure	(2,863,525)	(313,588)	-	-	(3,177,113)
Machinery and equipment	(1,213,991)	(22,960)	-	-	(1,236,951)
Right-to-Use Leased Assets	(25,206)	(25,206)	-	-	(50,412)
Total accumulated depreciation	(6,545,417)	(561,754)	-	-	(7,107,171)
Total capital assets being depreciated, net	13,059,180	(439,491)	-	82,758	12,702,447
Business-type activities capital assets, net	\$ 13,654,670	\$ (398,122)	\$ -	\$ -	\$ 13,256,548

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Depreciation expense for governmental activities was charged to the governmental functions as follows:

**Governmental activities:**

General government	\$	96,666
Public safety		21,146
Culture and recreation		191,547
Non-departmental		28,705
Total depreciation expense - governmental activities	<u>\$</u>	<u>338,064</u>

**NOTE-6 ACCRUED LIABILITIES**

Accrued liabilities reported by governmental and proprietary funds at September 30, 2023, were as follows:

Governmental Funds:

Classification	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts payable	\$ 92,277	\$ 9,080	\$ 101,357
Salaries and benefits	67,957	-	67,957
Total accrued liabilities	<u>\$ 160,234</u>	<u>\$ 9,080</u>	<u>\$ 169,314</u>

Proprietary Funds:

Classification	Water Fund	Sewer Fund	Landfill Fund	Total Proprietary Funds
Accounts payable	\$ 5,300	\$ 2,487	\$ 770	\$ 8,557
Salaries and benefits	8,517	4,963	6,690	20,170
Total accrued liabilities	<u>\$ 13,817</u>	<u>\$ 7,450</u>	<u>\$ 7,460</u>	<u>\$ 28,727</u>

**NOTE-7 DEFERRED REVENUE**

Unearned revenue at September 30, 2023, consisted of the following amounts:

Fund	Federal Grants	Total
ARPA State and Local Fiscal Recovery Fund	\$ 674,934	\$ 674,934
Total	<u>\$ 674,934</u>	<u>\$ 674,934</u>

CITY OF PRESIDIO, TEXAS  
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**NOTE-8    DEFINED BENEFIT PENSION PLAN**

*Plan Description*

The City participates 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 Texas Government Code, Title 8, Subtitle G (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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.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 governing TMRS.

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

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City has the option to grant, either annually or on an annually repeating basis, another type of credit referred to as an updated service credit.

This monetary credit is determined by hypothetically recomputing the member's account balance by assuming the current member deposit rate of the City (5%) has always been in effect. The computation also assumes the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by three percent each year, and increased by the City match currently in effect (100%). The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted (100%). At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity. The plan provisions also include an annually repeating basis cost of living adjustment for retirees equal to a certain percentage of the change in the consumer price index. However, this is currently set at 0% for the City.

Members can retire at ages 60 and above with five or more years of service or with twenty-five years of service regardless of age. A member is vested after five years.

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*Employees Covered by Benefit Terms*

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

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to but not yet receiving benefits	35	33
Active employees	42	42
Total	84	82

*Contributions*

Member contribution rates in TMRS are either 5%, 6% or 7% of the member’s total compensation, and the City matching ratios are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), 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 5% of their annual compensation during the fiscal year. The contribution rates for the City were 0.57% and 0.72% in calendar years 2023 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2023 were \$34,137 and were equal to the required contribution amount.

*Net Pension Liability*

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

*Actuarial assumptions:*

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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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 2022 are summarized in the following table:

Allocation Table

Asset Class	Allocation	Long-Term Expected Real (Arithmetic)
Global equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	<u>100%</u>	

*Discount Rate*

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

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*Changes in the Net Pension Liability*

The following is a summary of the changes in the TPL and related NPL:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/21	\$ 2,013,994	\$ 2,479,237	\$ (465,243)
Changes for the year:			
Service cost	136,102	-	136,102
Interest (on the TPL)	144,452	-	144,452
Change of benefit terms	77,721	-	77,721
Difference between expected and actual experience	(28,587)	-	(28,587)
Contributions - employer	-	16,492	(16,492)
Contributions - employee	-	90,614	(90,614)
Net investment income	-	(180,984)	180,984
Benefit payments, including refunds of emp. contr.	(39,473)	(39,473)	-
Administrative expense	-	(1,566)	1,566
Other changes	-	1,867	(1,867)
Net changes	290,215	(113,050)	403,265
Balance at 12/31/22	<u>\$ 2,304,209</u>	<u>\$ 2,366,187</u>	<u>\$ (61,978)</u>

*Sensitivity of the Net Pension Liability to changes in the discount rate*

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

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
Net Pension Liability	\$ 260,237	\$ (61,978)	\$ (328,206)

*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](http://trms.com).

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended September 30, 2023, the City recognized pension expense of (\$72,685).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 161,354	\$ -
Differences between expected and actual economic experience	-	44,110
Difference in assumption changes	-	181
Contributions subsequent to the measurement date	29,405	-
Total	\$ 190,759	\$ 44,291

Of the amount reported as deferred outflows above, \$29,406 resulted from contributions subsequent to the measurement date which will be recognized as a reduction of the pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the City’s financial statements for the year ended September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Five Year Deferred Inflow/Outflow Amortization Chart

Measurement Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (14,135)
2024	27,723
2025	35,169
2026	68,306
2027	-
Thereafter	-
Total	\$ 117,063

**NOTE-9 OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

*Plan Description*

The Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

*Benefits Provided*

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 another post-employment benefit, or OPEB.



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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 currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	12
Active employees	42
	61

*Valuation of Assets*

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded OPEB plan and therefore no assets are accumulated for OPEB for the purpose of calculating the Total OPEB Liability.

*Contributions*

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance to active employees and retirees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the entire careers of employees.

The City’s contributions to the TMRS SDBF for the years ended September 30, 2023 and September 30, 2022 were \$5,068 and \$3,294 respectively, which equaled the required contributions each year.

*Actuarial Assumptions*

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

Inflation	2.5% per year
Salary increases	3.5%-11.5% including inflation per year
Discount rate	4.05% based on Fidelity Index’s “20-year Municipal GO AA Index” rate as of December 31, 2022
Retirees’ share of benefit costs	\$0

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries are calculated using the 2019 Municipal Retirees of Texas Mortality Tables. Based on the size of the city, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis with Scale UMP; while for disabled annuitants, the unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% with a 4 year set-forward for males and a 3 year set-forward for females and projected on a fully generational basis with Scale BB to account for future mortality improvements subject to the 3% floor. 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 actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method.

*Discount Rate*

Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date. This rate was 2.00% for the valuation period ending December 31, 2022.

*Changes in the Net OPEB Liability*

The following is a summary of the changes in the Total OPEB Liability and related Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/21	\$ 137,401	\$ -	\$ 137,401
Changes for the year:			
Service cost	8,336	-	8,336
Interest on Total OPEB Liability	2,593	-	2,593
Difference between expected and actual experience	(9,183)	-	(9,183)
Changes in assumptions or other inputs	(49,422)	-	(49,422)
Benefit payments, including refunds of emp. contr.	(1,269)	-	(1,269)
Net changes	(48,945)	-	(48,945)
Balance at 12/31/22	\$ 88,456	\$ -	\$ 88,456

*Sensitivity of the Net OPEB Liability to a Change in the Discount Rate*

The following presents the OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.05%) or one-percentage-higher (5.05%) than the current rate:

	1% Decrease in Discount Rate 3.05%	Current Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Total OPEB Liability	\$ 107,220	\$ 88,456	\$ 73,991

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$284 as measured actuarially and reported within the government-wide financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 10,958
Difference in assumptions and other inputs	-	22,787
Contributions subsequent to the measurement date	4,079	-
Total	\$ 4,079	\$ 33,745

Of the amount reported as deferred outflows above, \$4,080 resulted from contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability for the measurement year ending December 31, 2023 (i.e. recognized in the City’s financial statements for the year ended September 30, 2023). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (3,592)
2024	(4,562)
2025	(9,278)
2026	(10,509)
2027	(5,804)
Thereafter	-
Total	\$ (33,745)

**NOTE-10 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year, the City purchased commercial insurance to cover general liabilities. There are no significant reductions in coverage in the past fiscal year and no settlements exceeding insurance coverage for each of the past three fiscal years.

**NOTE-11 LONG-TERM DEBT**

General Obligation Bonds and Certificates of Obligation

The City utilizes general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities and large-dollar equipment purchases or other projects. General obligation bonds and certificates of obligation have been issued for governmental activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 10 to 30 years.

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The City also issues maintenance tax notes or obtains regular notes payable financing arrangements from banks or state and federal agencies to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the City. These debt instruments are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

Details of long-term debt obligations outstanding at September 30, 2023 are as follows:

Governmental Activities:

Type	Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
<b>Bonds Payable</b>					
Limited Tax Refunding Bonds, Series 2020	2020	\$ 1,350,000	3.133%	2040	\$ 1,200,000
Total bonds payable					<u>1,200,000</u>
<b>Other Long-Term Debt</b>					
Right to Use Lease Obligations					14,914
Compensated absences					4,363
Total other long-term debt					<u>19,277</u>
Grand total long-term debt					<u>\$ 1,219,277</u>

Proprietary Activities:

Type	Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
<b>General Obligation Bonds:</b>					
Certificates of Obligation, Series 2020	2020	\$ 1,500,000	3.305%	2045	\$ 1,455,000
Total General Obligation Bonds					<u>1,455,000</u>
<b>Other Long-Term Debt</b>					
Right to Use Lease Obligations					195,707
Compensated absences					2,699
Total other long-term debt					<u>198,406</u>
Grand total long-term debt					<u>\$ 1,653,406</u>

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Changes in Long-Term Liabilities

Changes in the City’s long-term liabilities for the year ended September 30, 2023 are as follows:

Governmental Activities:

Description	Balance 10/1/22	Additions	Deletions	Balance 9/30/23	Due in One Year
<b>Bonds Payable</b>					
Limited Tax Refunding Bonds	\$1,255,000	\$ -	\$ (55,000)	\$1,200,000	\$ 55,000
Total bonds payable	<u>1,255,000</u>	<u>-</u>	<u>(55,000)</u>	<u>1,200,000</u>	<u>55,000</u>
<b>Other Long-Term Debt</b>					
Right-to-Use Lease Obligations	45,562	-	(30,648)	14,914	9,464
Compensated absences	107,653	4,363	(107,653)	4,363	2,182
Total governmental activities	<u>\$1,408,215</u>	<u>\$ 4,363</u>	<u>\$ (193,301)</u>	<u>\$1,219,277</u>	<u>\$ 66,646</u>

Proprietary Activities:

Description	Balance 10/1/22	Additions	Deletions	Balance 9/30/23	Due in One Year
<b>Bonds Payable</b>					
Certificates of Obligation	\$1,500,000	\$ -	\$ (45,000)	\$1,455,000	\$ 45,000
Total bonds payable	<u>1,500,000</u>	<u>-</u>	<u>(45,000)</u>	<u>1,455,000</u>	<u>45,000</u>
<b>Other Long-Term Debt</b>					
Right-to-Use Lease Obligations	252,055	-	(56,348)	195,707	58,126
Compensated absences	27,267	2,699	(27,267)	2,699	1,350
Governmental activities long-term	<u>\$1,779,322</u>	<u>\$ 2,699</u>	<u>\$ (128,615)</u>	<u>\$1,653,406</u>	<u>\$ 104,476</u>

Future debt service requirements for the City’s long-term debt are as follows:

Governmental Activities:

Year Ended September 30,	<u>Governmental Activities</u>		<u>Total</u>	
	<u>Bonds Payable</u>		<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 55,000	\$ 36,734	\$ 55,000	\$ 36,734
2025	55,000	35,011	55,000	35,011
2026	60,000	33,210	60,000	33,210
2027	60,000	31,330	60,000	31,330
2028	60,000	29,450	60,000	29,450
2029-2033	340,000	116,391	340,000	116,391
2034-2038	395,000	59,135	395,000	59,135
2039-2040	175,000	5,561	175,000	5,561
Totals	<u>\$ 1,200,000</u>	<u>\$ 346,822</u>	<u>\$ 1,200,000</u>	<u>\$ 346,822</u>

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Proprietary Activities:

Year Ended September 30,	Business-Type Activities		Total Primary	
	Bonds Payable		Government Debt	
	Principal	Interest	Principal	Interest
2024	\$ 45,000	\$ 47,344	\$ 100,000	\$ 84,078
2025	45,000	45,857	100,000	80,868
2026	50,000	44,287	110,000	77,497
2027	50,000	42,635	110,000	73,965
2028	50,000	40,982	110,000	70,432
2029-2033	290,000	177,313	630,000	293,704
2034-2038	345,000	125,177	740,000	184,312
2039-2040	400,000	63,787	575,000	69,348
2041-2045	180,000	5,948	180,000	5,948
Totals	\$ 1,455,000	\$ 593,330	\$ 2,655,000	\$ 940,152

The debt service requirement for right to use leased assets payable as of September 30, 2023 are as follows:

Governmental Activities:

Year Ended September 30,	Governmental Activities		
	Right-to-Use Leases Payable		
	Principal	Interest	Total Requirements
2024	\$ 9,464	\$ 318	\$ 9,782
2025	2,684	127	2,811
2026	2,766	45	2,811
Total	\$ 14,914	\$ 490	\$ 15,404

Proprietary Activities:

Year Ended September 30,	Business-Type Activities		
	Right-to-Use Leases Payable		
	Principal	Interest	Total Requirements
2024	\$ 58,126	\$ 5,264	\$ 63,390
2025	59,961	3,430	63,391
2026	61,853	1,538	63,391
2027	15,767	82	15,849
Total	\$ 195,707	\$ 10,314	\$ 206,021

CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**NOTE-12 INTERFUND BALANCES AND TRANSFERS**

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
<b>GOVERNMENTAL FUNDS</b>		
General Fund	Hotel/Motel Tax Fund	\$ 8,634
Hotel/Motel Tax Fund	General Fund	12,504
Grant Fund	General Fund	473
Total General Fund		21,611
<b>PROPRIETARY FUNDS</b>		
Landfill Fund	General Fund	240,076
Landfill Fund	Water Fund	486,911
Internal Service Fund	Landfill Fund	29
Total Proprietary Funds		727,016
Grand Total		\$ 748,627

The composition of interfund transfers for the year ended September 30, 2023 is as follows:

Transfer From:	Transfer To:	Amount
<b>Governmental Funds</b>		
Special Revenue Funds		
State and Local Fiscal Recovery Funds	General Fund	\$ 86,348
State and Local Fiscal Recovery Funds	Water Fund	16,816
State and Local Fiscal Recovery Funds	Sewer Fund	23,905
Grants Fund	Water Fund	163,632
Debt Service Fund	Water Fund	69,988
Total Governmental Funds		360,689
<b>Proprietary Funds</b>		
Landfill Fund	General Fund	896,766
Total Proprietary Funds		896,766
Grand Total Transfers		\$ 1,257,455

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the General Fund expects to collect in the subsequent year.

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources from the utility funds to the General Fund to subsidize governmental activities as needed.

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CITY OF PRESIDIO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**NOTE-13 CONTINGENCIES**

The City participates in various federal grant programs, many of which are subject to program compliance audits pursuant to the Single Audit Act as amended and related federal grant *Uniform Guidance*. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF PRESIDIO, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Measurement Year	
	2022	2021
<b>A. Total pension liability</b>		
1. Service cost	\$ 136,102	\$ 109,460
2. Interest (on the Total Pension Liability)	144,452	127,376
3. Changes of benefit terms	77,721	-
4. Difference between expected and actual experience	(28,587)	(18,901)
5. Changes of assumptions	-	-
6. Benefit payments/refunds of employee contributions	(39,473)	(72,535)
7. Net change in total pension liability	290,215	145,400
8. Total pension liability - beginning	2,013,994	1,868,594
9. Total pension liability - ending	<u>\$ 2,304,209</u>	<u>\$ 2,013,994</u>
<b>B. Plan fiduciary net position</b>		
1. Contributions - employer	\$ 16,492	\$ 16,307
2. Contributions - employee	90,614	87,568
3. Net investment income	(180,984)	282,416
4. Benefit payments/refunds of employee contributions	(39,473)	(72,535)
5. Administrative expense	(1,566)	(1,307)
6. Other changes	1,867	8
7. Net change in plan fiduciary net position	(113,050)	312,457
8. Plan fiduciary net position - beginning	2,479,237	2,166,780
9. Plan fiduciary net position - ending	<u>\$ 2,366,187</u>	<u>\$ 2,479,237</u>
<b>C. Net pension liability [A.9 - B.9]</b>	<u>\$ (61,978)</u>	<u>\$ (465,243)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	102.69%	123.10%
<b>E. Covered-employee payroll</b>	\$ 1,812,274	\$ 1,751,367
<b>F. Net position as a percentage of covered employee payroll [C / E]</b>	-3.42%	-26.56%

Measurement Year				
2020	2019	2018	2017	2016
\$ 110,411	\$ 104,981	\$ 102,503	\$ 99,423	\$ 87,639
118,487	107,258	99,913	88,065	80,941
-	-	-	-	-
(33,676)	8,220	(51,630)	17,231	(31,797)
-	(2,609)	-	-	-
(53,561)	(54,863)	(31,574)	(29,870)	(44,405)
141,661	162,987	119,212	174,849	92,378
1,726,933	1,563,946	1,444,734	1,269,885	1,177,507
<u>\$ 1,868,594</u>	<u>\$ 1,726,933</u>	<u>\$ 1,563,946</u>	<u>\$ 1,444,734</u>	<u>\$ 1,269,885</u>

\$ 15,550	\$ 14,093	\$ 11,976	\$ 15,079	\$ 38,079
88,329	81,129	79,583	81,540	68,683
149,325	257,955	(49,718)	193,969	84,791
(53,561)	(54,863)	(31,574)	(29,870)	(44,405)
(967)	(1,460)	(962)	(1,007)	(959)
(37)	(44)	(51)	(52)	(52)
198,639	296,810	9,254	259,659	146,137
1,968,141	1,671,331	1,662,077	1,402,418	1,256,281
<u>\$ 2,166,780</u>	<u>\$ 1,968,141</u>	<u>\$ 1,671,331</u>	<u>\$ 1,662,077</u>	<u>\$ 1,402,418</u>

<u>\$ (298,186)</u>	<u>\$ (241,208)</u>	<u>\$ (107,385)</u>	<u>\$ (217,343)</u>	<u>\$ (132,533)</u>
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115.96%	113.97%	106.87%	115.04%	110.44%
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\$ 1,766,581	\$ 1,622,578	\$ 1,591,663	\$ 1,553,482	\$ 1,373,656
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-16.88%	-14.87%	-6.75%	-13.99%	-9.65%
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CITY OF PRESIDIO, TEXAS  
 SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Fiscal Year	
	2023	2022
Actuarially Determined Contribution	\$ 34,137	\$ 16,344
Contributions in relation to the actuarially determined contribution	(34,137)	(16,344)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,926,769	\$ 1,785,194
Contributions as a percentage of covered employee payroll	1.77%	0.92%

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 15,878	\$ 11,397	\$ 13,254	\$ 11,976	\$ 15,079	\$ 38,079
(15,878)	(11,397)	(13,254)	(11,976)	(15,079)	(38,079)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,732,699	\$ 1,703,029	\$ 1,578,159	\$ 1,591,663	\$ 1,553,482	\$ 1,373,656
0.92%	0.67%	0.84%	0.75%	0.97%	2.77%

Notes to the Schedule of Employer 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 Adopted 20 yr, any age retirement eligibility  
Increased city matching ratio from 1 - 1 to 1.5 - 1.

CITY OF PRESIDIO, TEXAS  
SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY  
AND RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM  
SUPPLEMENTAL DEATH BENEFITS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Measurement Year	
	2022	2021
<b>A. Total OPEB liability</b>		
1. Service cost	\$ 8,336	\$ 7,881
2. Interest on Total OPEB Liability	2,593	2,613
3. Changes of benefit terms	-	-
4. Difference between expected and actual experience	(9,183)	(4,139)
5. Changes in assumptions or other inputs	(49,422)	4,790
6. Benefit payments	(1,269)	(876)
7. Net changes	(48,945)	10,269
8. Total OPEB Liability - beginning of the year	137,401	127,132
9. Total OPEB Liability - end of the year	<u>\$ 88,456</u>	<u>\$ 137,401</u>
<b>E. Covered-employee payroll</b>	\$ 1,812,274	\$ 1,751,367
<b>F. Total OPEB liability as a percentage of covered payroll</b>	4.88%	7.85%



Measurement Year			
2020	2019	2018	2017
\$ 7,066	\$ 5,517	\$ 6,526	\$ 5,593
2,869	2,746	2,348	2,157
-	-	-	-
(3,253)	798	1,222	-
19,848	20,811	(6,216)	5,977
(353)	(325)	(318)	(311)
26,177	29,547	3,562	13,416
100,955	71,408	67,846	54,430
<u>\$ 127,132</u>	<u>\$ 100,955</u>	<u>\$ 71,408</u>	<u>\$ 67,846</u>
\$ 1,766,581	\$ 1,622,578	\$ 1,591,663	\$ 1,553,482
7.20%	6.22%	4.49%	4.37%

CITY OF PRESIDIO, TEXAS  
 SCHEDULE OF EMPLOYER OTHER POST-EMPLOYMENT BENEFITS CONTRIBUTIONS –  
 TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Fiscal Year	
	2023	2022
Actuarially determined contribution	\$ 5,068	\$ 3,293
Contributions in relation to the actuarially determined contribution	(5,068)	(3,293)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,926,769	\$ 1,785,194
Contributions as a percentage of covered employee payroll	-0.26%	-0.18%

Fiscal Year			
2021	2020	2019	2018
\$ 3,183	\$ 2,843	\$ 3,630	\$ 3,779
(3,183)	(2,843)	(3,630)	(3,779)
\$ -	\$ -	\$ -	\$ -
\$ 1,732,699	\$ 1,703,029	\$ 1,578,159	\$ 1,591,663
-0.18%	-0.17%	-0.23%	-0.24%

**Summary of Actuarial Assumptions:**

Inflation	2.50%
Salary increases	3.50% to 11.50%; including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment 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.

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

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

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CITY OF PRESIDIO, TEXAS  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
SEPTEMBER 30, 2023

## **Nonmajor Governmental Fund Descriptions**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City currently maintains the following special revenue funds:

Municipal Court Fund (Fund 235) – This fund was established to account for funds collected by the municipal court which must be used for specific purposes such as court technology.

Hotel/Motel Tax Fund (Fund 240) – This fund accounts for Hotel/Motel taxes received by the City which are restricted for expenditures for economic development purposes.

Grants Fund (Fund 302) – This fund accounts for grants received by the City which require the reporting of revenues, expenditures, and residual balances separately from the General Fund.

### **Debt Service Funds**

Debt Service Fund (Fund 490) – This fund is used to account for the resources received, expenditures made, and residual fund balances related to governmental activities long-term debt.

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	Total
	Municipal Court Fund	Hotel/Motel Tax Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,497	\$ 75,022	\$ 11,423	\$ 339,962	\$ 449,904
Investments - current	-	-	-	9,551	9,551
Taxes receivable - delinquent	-	-	-	140,447	140,447
Allowance for uncoll. taxes	-	-	-	(14,046)	(14,046)
Accounts receivable	-	19,928	15,051	-	34,979
Due from other funds	-	12,504	473	-	12,977
Total assets	<u>\$ 23,497</u>	<u>\$ 107,454</u>	<u>\$ 26,947</u>	<u>\$ 475,914</u>	<u>\$ 633,812</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 1,080	\$ 8,000	\$ -	\$ 9,080
Total liabilities	<u>-</u>	<u>1,080</u>	<u>8,000</u>	<u>-</u>	<u>9,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources	-	-	-	126,401	126,401
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,401</u>	<u>126,401</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted for:					
Economic development	-	106,374	-	-	106,374
Debt service	-	-	-	349,513	349,513
State and Federal Grants	-	-	18,947	-	18,947
Other purposes	23,497	-	-	-	23,497
Total fund balances	<u>23,497</u>	<u>106,374</u>	<u>18,947</u>	<u>349,513</u>	<u>498,331</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 23,497</u>	<u>\$ 107,454</u>	<u>\$ 26,947</u>	<u>\$ 475,914</u>	<u>\$ 633,812</u>

CITY OF PRESIDIO, TEXAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<b>Special Revenue Funds</b>			<b>Debt Service</b>	Total
	Municipal Court Fund	Hotel/Motel Tax Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 213,084	\$ 213,084
Hotel/motel taxes	-	79,814	-	-	79,814
Intergovernmental revenues	-	-	180,438	-	180,438
Investment earnings	-	-	-	595	595
Total revenues	-	79,814	180,438	213,679	473,931
<b>EXPENDITURES</b>					
Current:					
General government:					
Administrative departments	-	-	96	-	96
Public safety:					
EMS	-	-	34,326	-	34,326
Culture and recreation:					
Tourism	-	97,157	-	-	97,157
Debt service:					
Bond principal	-	-	-	55,000	55,000
Interest	-	-	-	38,458	38,458
Issuance costs	-	-	-	445	445
Total expenditures	-	97,157	34,422	93,903	225,482
Excess (deficiency) of revenues over expenditures	-	(17,343)	146,016	119,776	248,449
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	(127,069)	(69,988)	(197,057)
Total other financing sources (uses)	-	-	(127,069)	(69,988)	(197,057)
Net change in fund balance	-	(17,343)	18,947	49,788	51,392
Fund balance - beginning	23,497	123,717	-	299,725	446,939
Fund balance - ending	\$ 23,497	\$ 106,374	\$ 18,947	\$ 349,513	\$ 498,331

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

To the Honorable Mayor and Members of the City Council of the  
City of Presidio, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Presidio, 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, and have issued our report thereon dated February 28, 2024.

### **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) to determine the 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 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 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 note any matters which we consider to be material weaknesses in the internal controls of the City. However, material weaknesses or significant deficiencies may exist that have not been identified.

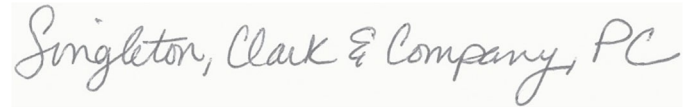
### **Compliance and Other Matters**

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 determination of financial statement amounts. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This matter is labeled as 2023-001 in the schedule of findings and questioned costs.

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## **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.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Singleton, Clark & Company, PC  
Alpine, Texas

February 28, 2024

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CITY OF PRESIDIO, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s reports issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
  
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported
  
- Noncompliance material to financial statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2023-001            Budgetary Non-Compliance

Criteria:            As a financial control, each year the City Council adopts an expenditures budget by ordinance which places legal limits on the amount of expenditures that can be made from various departmental line items by the City. As a year progresses, if unanticipated expenditures arise, the City Council may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

Condition Found:    As of year-end, within the Public Safety function of the City budget, the Police Department was reported over budget by \$166,097 and the EMS Department was reported over budget by \$102,227.

Cause:                Budget amendments for these line items were not brought to the City Council for consideration and approval as needed.

Effect:                The effect is noncompliance with the legally adopted expenditures budget of the City.

Recommendation:   We recommend the City financial managers monitor budget-to-actual progress monthly. The City Council should also receive budget to actual reports within their regular Council packets at each meeting. As needed, budget amendments should be proposed to the City Council.

CITY OF PRESIDIO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Prior year financial statement findings as required to restated with current status:

2022-001 Accounting and Financial Reporting

**Criteria:** Cities are required by state law to issue external financial statements on an annual basis in order to provide information to the public and to the state and federal agencies regarding the City's finances. In addition, a city needs current and accurate information available from its accounting system at all times in order to provide for the effective management of daily financial matters and to ensure proper accountability and security of all funds.

**Condition Found:** As a result of the annual financial audit an excessive amount of accounting adjustments were required to be proposed by the audit firm in order to bring the financial statements of the City into compliance with generally accepted accounting principles.

**Cause:** During the year and also at the time of preparing for the year-end financial audit the City should conduct a higher level of accounting analysis on the individual accounts of the general ledger and make accounting entries as needed in areas such as receivables, accounts payable, and accrued payroll.

**Effect:** When the independent auditing firm is required to prepare too many accounting adjustments to the financial statements of the client the effect is the audit firm encroaches on its ability to remain independent due to the fact that it is said it begins auditing its own work.

**Recommendation:** We recommend that the City analyze its books on a monthly or quarterly basis and make accounting entries as needed but also make the most thorough effort with this process during the year-end closing of the books prior to the audit commencing.

**Current Status:** The number of needed audit adjustments in the current year decreased down to an acceptable level and it was deemed a repeat finding was not needed.

2022-002 Budgetary Non-Compliance

**Criteria:** As a financial control, each year the City Council adopts an expenditures budget by ordinance which places legal limits on the amount of expenditures that can be made from various departmental line items by the City. As a year progresses, if unanticipated expenditures arise, the City Council may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

**Condition Found:** As of year-end, it was noted several departmental line items of the General Fund expenditures budget were overspent, and the budget was overspent in total by \$71,722.

**Cause:** The adopted budget of the City is not being used as an effective tool to help guide expenditures, and the budget is not being amended as needed as a year progresses.

**Effect:** The effect is the City has not complied with the legally adopted expenditures budget and actual expenditures made were more than anticipated.

**Recommendation:** We recommend the City financial managers monitor budget-to-actual progress monthly. The City Council should also receive budget to actual reports within their regular Council packets at each meeting. As needed, budget amendments should be proposed to the City Council.

**Current Status:** A similar finding was reported in the current year.

CITY OF PRESIDIO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended September 30, 2023 or September 30, 2022.

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# City of Presidio

## CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2023

Current Year Audit Findings:

2023-001 Budgetary Non-Compliance

Corrective Action Planned:

As of the current ongoing fiscal year (FY24), the City financial managers will begin reviewing budget-to-actual financial information and bring budget amendments to the City Council for consideration as needed.

Anticipated Completion Date: Ongoing

Contact Person: Glorissel Muniz, Finance Director