

# **CITY OF CREEDMOOR, TEXAS**

## **ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**

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

**TABLE OF CONTENTS**

**INTRODUCTORY SCHEDULE**

	<u>PAGE</u>
TITLE PAGE	i
TABLE OF CONTENTS	ii
PRINCIPAL OFFICERS	iii

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	4
BASIC FINANCIAL STATEMENTS.....	10
STATEMENT OF NET POSITION.....	11
STATEMENT OF ACTIVITIES.....	12
BALANCE SHEET - GENERAL FUND.....	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND.....	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES.....	16
NOTES TO BASIC FINANCIAL STATEMENTS .....	17
REQUIRED SUPPLEMENTARY INFORMATION.....	35
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - GENERAL FUND.....	36
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL - GENERAL FUND .....	37
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS .....	38
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS.....	39
SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS.....	40
SUPPLEMENTARY INFORMATION .....	41
COMPARATIVE BALANCE SHEETS – GENERAL FUND.....	42
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND.....	43

CITY OF CREEDMOOR

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

FRAN KLENSTINEC

COUNCIL

JESSIE SOLIS

JOHN GRAY

JEFF JAKOBEIT

SABRINA TATE-NELSON

JACOB RANE WILHITE

CITY ADMINISTRATOR

ROBERT WILHITE

FINANCE DIRECTOR

ANNA ORTIZ



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Creedmoor, Texas

**Report on the Audit of the Financial Statements**

***Opinion***

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

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

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Creedmoor 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

The City of Creedmoor's management is responsible for the preparation and fair presentation of these 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 City of Creedmoor's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Creedmoor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Creedmoor'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, Budgetary Comparison Information, Schedule of Changes – Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes – Other Post-Employment Benefits (OPEB) as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Creedmoor, Texas', basic financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.  
April 16, 2024

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Creedmoor’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

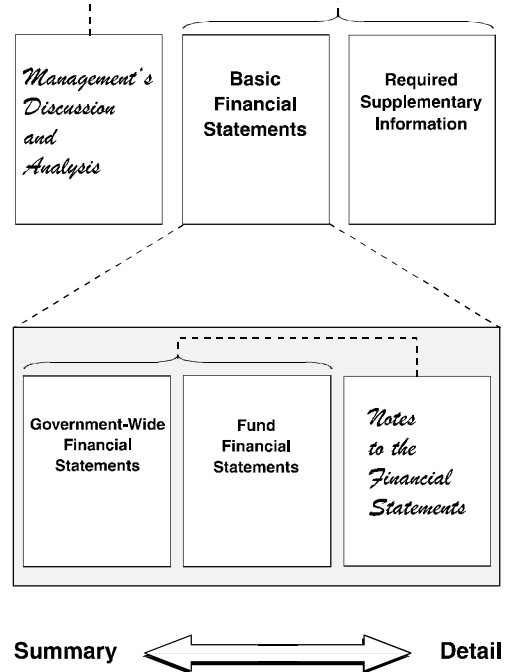
- The City’s total net position was \$1.6 million at September 30, 2023.
- During the year, the City’s governmental expenses were \$411 thousand less than the \$1.6 million generated in general and program revenues for governmental activities. The total cost of the City’s programs increased 29%, as administrative expenditures grew due to Professional fees related to engineering and legal.
- The general fund reported a fund balance this year of \$744 thousand, a decrease of \$1.4 million. The decrease was attributable to the spending of bond proceeds for property and a new Public Works facility.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>		
		<b>Fund Statements</b>
<i>Type of Statements</i>	Government-wide	Governmental Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, streets, and parks. Property taxes and charges for services finance most of these activities.



## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City’s combined net position was \$1.6 million at September 30, 2023. (See Table A-1).

**Table A-1**  
City's Net Position

	Governmental Activities		Percentage Change
	2023	2022	
<i>Assets:</i>			
Current Assets	\$ 888,901	\$ 2,248,896	-60%
Capital Assets (net)	3,036,432	1,358,439	124%
<i>Total Assets</i>	<u>3,925,333</u>	<u>3,607,335</u>	9%
<i>Deferred Outflows of Resources:</i>	<u>17,189</u>	<u>10,417</u>	65%
<i>Liabilities:</i>			
Current Liabilities	241,786	208,182	16%
Long-term Liabilities	2,060,212	2,184,628	-6%
<i>Total Liabilities</i>	<u>2,301,998</u>	<u>2,392,810</u>	-4%
<i>Deferred Inflows of Resources:</i>	<u>1,925</u>	<u>442</u>	336%
<i>Net Position:</i>			
Net Investment in Capital Assets	885,621	890,841	-1%
Unrestricted	752,978	333,659	126%
<i>Total Net Position</i>	<u>\$ 1,638,599</u>	<u>\$ 1,224,500</u>	34%

The unrestricted net position represents resources available to fund the programs of the City next year.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

## Governmental Funds

The City has the following kinds of funds:

- *Governmental funds*—The City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Table A-2 summarizes the changes in the City’s net position for 2023 and 2022 fiscal years.

**Table A-2**  
Changes in City's Net Position

	Governmental		Percentage Change
	Activities		
	2023	2022	
<i>Program Revenues:</i>			
Charges for Services	\$ 420,869	\$ 185,187	127%
Operating Grants and Contributions	35,452	77,687	-54%
<i>General Revenues:</i>			
Taxes	1,057,981	573,962	84%
Interest Earnings	18,733	1,426	1214%
Miscellaneous	89,612	71,809	25%
<b>TOTAL REVENUES</b>	<b>1,622,647</b>	<b>910,071</b>	<b>78%</b>
<i>Program Expenses:</i>			
Administration	807,373	523,913	54%
Public Works	88,307	110,691	-20%
Parks and Programs	232,791	240,417	-3%
Interest Expense	80,077	19,173	318%
Cost of Debt Issuance	-	43,000	-100%
<b>TOTAL EXPENSES</b>	<b>1,208,548</b>	<b>937,194</b>	<b>29%</b>
 Change in Net Position	 414,099	 (27,123)	 1627%
 Beginning Net Position	 1,224,500	 1,251,623	 -2%
Ending Net Position	<u>\$ 1,638,599</u>	<u>\$ 1,224,500</u>	34%

The cost of all *governmental* activities this year was \$1.2 million. Taxpayers paid for 60% of these activities through property taxes.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2023, the City had invested \$3.03 million in a broad range of capital assets, including land, equipment, buildings, infrastructure (streets) and construction in progress. The significant addition for 2023 was a new Public Works facility and a land purchase. (See Table A-3.)

**Table A-3**  
City's Capital Assets

	Governmental Activities		Total Percentage Change
	2023	2022	
Land	\$1,495,354	\$ 152,878	878%
Buildings and Improvements	2,493,789	2,068,055	21%
Vehicles and Equipment	277,347	230,329	20%
Furniture and Fixtures	63,707	63,707	0%
Totals at Historical Cost	4,330,197	2,514,969	72%
Accumulated Depreciation	(1,293,765)	(1,156,530)	12%
Net Capital Assets	<u>\$3,036,432</u>	<u>\$ 1,358,439</u>	124%

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

### Long Term Debt

As of September 30, 2023, the City had \$2.1 million in bonds payable. More detailed information about the City's debt is presented in the notes to the financial statements.

**Table A-4**  
City's Long-Term Debt

	Governmental Activities		Total Percentage Change
	2023	2022	
Bonds Payable	\$2,100,000	\$ 2,212,000	-5%
Equipment Note	50,811	63,739	-20%
Total Long-Term Debt	<u>\$2,100,000</u>	<u>\$ 2,212,000</u>	-5%

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

Revenues from governmental fund types fell short of expenditures by \$1.4 million. This was due mainly from large capital expenditures in the current year. The General Fund ended with \$744 thousand in unassigned fund balance, which is approximately 8.9 months of General Fund expenditures, excluding capital outlay and debt service.

### **Budgetary Highlights**

The City's revenues were over budgeted projections by \$252 thousand and expenditures were over budget by \$1.5 million. Capital outlays and administrative services were the main cause of the overage.

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

The 2023-2024 budget includes a decrease in property tax rates as the City expects higher property values. The City anticipates most functions and programs will remain largely unchanged.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (512)-243-6700.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
  - Governmental Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CREEDMOOR  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 787,538
Accounts Receivable - Ad Valorem Taxes	35,795
Accounts Receivable - Other	<u>65,568</u>
<i>Total Current Assets</i>	<u>888,901</u>
<i>Long-term Assets:</i>	
Capital Assets (Net)	<u>3,036,432</u>
<i>Total Long-term Assets</i>	<u>3,036,432</u>
<b>TOTAL ASSETS</b>	<u><b>3,925,333</b></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Outflows	<u>17,189</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<u><b>17,189</b></u>
 <b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	26,909
Accrued Wages	4,183
Accrued Interest	6,479
Development Escrow	61,071
Rental Deposits	18,690
Current Portion of Bonds Payable	<u>124,454</u>
<i>Total Current Liabilities</i>	<u>241,786</u>
<i>Long-term Liabilities:</i>	
Long-term Portion of Bonds Payable	2,026,357
Net Pension Liability	29,168
Total OPEB Liability	<u>4,687</u>
<i>Total Long-term Liabilities</i>	<u>2,060,212</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,301,998</b></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB Inflows	<u>1,925</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u><b>1,925</b></u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	885,621
Unrestricted	<u>752,978</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 1,638,599</b></u>

See accompanying notes to basic financial statements.

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

<b>Functions and Programs</b>	Expenses	Program Revenues		Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
Administration	\$ 807,373	\$ 420,869	\$ 35,452	\$ (351,052)
Public Works	88,307	-	-	(88,307)
Parks and Programs	232,791	-	-	(232,791)
Interest on Long-Term Debt	80,077	-	-	(80,077)
<i>Total Governmental Activities</i>	1,208,548	420,869	35,452	(752,227)
<b>Total Primary Government</b>	\$ 1,208,548	\$ 420,869	\$ 35,452	
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				727,661
Franchise Taxes				27,926
Sales Taxes				302,394
Interest Income				18,733
Miscellaneous				89,612
<b>Total General Revenues</b>				1,166,326
Change in Net Position				414,099
<b>Net Position at Beginning of Year</b>				1,224,500
<b>Net Position at End of Year</b>				\$ 1,638,599

See accompanying notes to basic financial statements.

CITY OF CREEDMOOR  
BALANCE SHEET - GENERAL FUND  
SEPTEMBER 30, 2023

**ASSETS**

Cash and Cash Equivalents	\$	787,538
Accounts Receivable - Ad Valorem Taxes		35,795
Accounts Receivable - Other		65,568

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>888,901</b>
---------------------	-----------	----------------

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

*Liabilities:*

Accounts Payable	\$	26,909
Development Escrow		62,656
Rental Deposits		17,105
Accrued Wages		4,183
<i>Total Liabilities</i>		<u>110,853</u>

*Deferred Inflows of Resources:*

Unavailable Revenues - Property Taxes		<u>30,414</u>
---------------------------------------	--	---------------

*Fund Balances:*

Unassigned		<u>747,634</u>
<i>Total Fund Balances</i>		<u>747,634</u>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$</b>	<b>888,901</b>
---	-----------	----------------



CITY OF CREEDMOOR  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

**TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ 747,634

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,036,432

Long-term liabilities, including bonds and capital lease payables are not due and payable in the current period and, therefore are not reported in the governmental funds. (2,150,811)

Net Pension Liabilities and Other post employment benefit liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Net Pension Liability	(29,168)	
Total OPEB Liability	(4,687)	
Pension Related Deferred Outflows (Inflows)	17,189	
OPEB Related Deferred Outflows (Inflows)	<u>(1,925)</u>	(18,591)

Other liabilities are not due and payable in the current period, and therefore, not reported in the funds.

Accrued Interest	(6,479)
------------------	---------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.

Unavailable Tax Revenue	<u>30,414</u>
-------------------------	---------------

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 1,638,599

CITY OF CREEDMOOR  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>REVENUES</b>	
Ad Valorem Taxes	\$ 714,990
Franchise Fees	27,926
Sales Taxes	302,394
Licenses and Permits	329,099
Interest Income	18,733
Grants and Donations	94,874
Community Center Rentals	91,770
Miscellaneous	30,190
<b>TOTAL REVENUES</b>	<u>1,609,976</u>
 <b>EXPENDITURES</b>	
Current:	
Administration	803,824
Public Works	75,263
Parks and Programs	117,398
Capital Outlay	1,815,230
Debt Service:	
Principal	124,928
Interest Expense	79,544
<b>TOTAL EXPENDITURES</b>	<u>3,016,187</u>
 Net Change in Fund Balance	 (1,406,211)
 <b>BEGINNING FUND BALANCE</b>	 <u>2,153,845</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 747,634</u></u>

See accompanying notes to basic financial statements.

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**                      \$ (1,406,211)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	1,815,228	
Depreciation Expense	<u>(137,235)</u>	1,677,993

The issuance of long-term debt (e.g. bonds and notes) provide current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report interest expense and compensated absences when they are due and payable, while the statement of activities recognizes interest expense and compensated absences when incurred.

Principal Payments on Long-term Debt	124,928	
Change in Accrued Interest	<u>(534)</u>	124,394

Governmental funds report required contributions to employee pensions and OPEB as expenditures. However, in the Statement of Activities the expense for the plans are recorded based on the actuarially determined cost of the plan. This is the amount that contributions differed from the actuarially determined expense.

Pension Plan	7,229	
Other Post Employment Benefit	<u>(1,979)</u>	5,250

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

Unavailable Tax Revenue		<u>12,673</u>
-------------------------	--	---------------

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES**                      \$ 414,099

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

The City of Creedmoor, Texas (“City”), was incorporated in 1982 under the provisions of the State of Texas. The City is located in Travis County and is governed by an elected mayor and five council members. The City is a type A general law municipality. The City provides the following services: public works, street maintenance, and parks.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

*Component Units*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. The City has no component units.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Separate **fund financial statements** are provided for the General Fund, the City's only fund.

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

**Governmental fund level financial statements** are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental fund:

**General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources. Major revenue sources include taxes and intergovernmental revenues. Primary expenditures are for general administration, public works, and parks.

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

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

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost.

CITY OF CREEDMOOR  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2023

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

6. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2022 and past due after January 31, 2023. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are not shown net of an allowance for uncollectibles as management considers all receivables to be collectible.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of two years. Infrastructure assets include City-owned streets, water system, and sewer system. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	15-30 years
Furniture and Fixtures	3-10 years
Vehicles and Equipment	3-10 years

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

9. UNAVAILABLE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources). Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

10. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

11. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the discount. Bond issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

13. NET POSITION

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

14. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council has not delegated the authority for assignments to any other individuals.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

15. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE B -- DEPOSITS AND INVESTMENTS**

The City maintains deposits at one local financial institution. As of September 30, 2023, the City's deposits were fully covered through pledged collateral.

**NOTE C -- PROPERTY TAX CALENDAR**

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Travis County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2022, upon which the fiscal 2023 levy was based, was \$142 million (i.e., market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2023, was \$0.501 per \$100 of assessed value. The City is generally limited to an annual increase in the maintenance and operations levy of 3.5% without requiring approval from the voters.

**NOTE D -- OTHER RECEIVABLES**

Other receivables for the City as of September 30, 2023 are as follows:

<u>Account</u>	<u>Amount</u>
Sales & Use Tax Receivables	\$ 51,903
Community Center Rental	3,980
Cemetery Plot Receivables	4,000
Payroll Advances	2,000
Permits & Fees Receivable	3,685
	<u>\$ 65,568</u>

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE E -- CAPITAL ASSETS**

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

	Balance 10/1/2022	Additions	Disposals/ Transfers	Balance 9/30/2023
<i>Governmental Activities</i>				
Land	\$ 152,878	\$ 1,342,476	\$ -	\$ 1,495,354
Buildings and Improvements	2,068,055	425,734	-	2,493,789
Vehicles and Equipment	230,329	47,018	-	277,347
Furniture and Fixtures	63,707	-	-	63,707
	2,514,969	1,815,228	-	4,330,197
Less Accumulated Depreciation				
Buildings and Improvements	(997,458)	(94,964)	-	(1,092,422)
Vehicles and Equipment	(102,207)	(38,599)	-	(140,806)
Furniture and Fixtures	(56,865)	(3,672)	-	(60,537)
	(1,156,530)	(137,235)	-	(1,293,765)
Governmental Activities, Net	\$ 1,358,439	\$ 1,677,993	\$ -	\$ 3,036,432

Land is not depreciated.

Depreciation was charged to the governmental functions as follows:

Administration	\$ 8,798
Public Works	114,209
Parks and Programs	14,228
Total Depreciation Expense - Governmental Activities	\$ 137,235

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE F -- LONG-TERM DEBT**

Changes in long-term debt was as follows:

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Due Within One Year
<i>Governmental Activities:</i>					
<i>Bonds &amp; Notes:</i>					
Equipment Note	\$ 63,739	\$ -	\$ (12,928)	\$ 50,811	\$ 13,454
Bond - 2022	1,750,000	-	(93,000)	1,657,000	91,000
Bond - 2020	462,000	-	(19,000)	443,000	20,000
<i>Total Bonds &amp; Notes</i>	<u>\$2,275,739</u>	<u>\$ -</u>	<u>\$ (124,928)</u>	<u>\$2,150,811</u>	<u>\$ 124,454</u>
Net Pension Liability	\$ 30,355	9,961	(11,148)	\$ 29,168	
Total OPEB Liability	4,018	1,387	(718)	4,687	
<i>Total</i>	<u>\$ 34,373</u>	<u>\$ 11,348</u>	<u>\$ (11,866)</u>	<u>\$ 33,855</u>	

The City issued \$500,000 in certificates of obligation in September 2020 to Southside Bank. The debt service is funded by general revenues of the City. The City may also levy a property tax to pay the debt service. The bonds mature serially through September 2031 and bear interest at an annual rate of 3%.

In September 2022, the City issued \$1.75 million in certificates of obligation to TIB, National Association for a new Public Works and City Hall facility, road repairs and park improvements. The debt service is funded by general revenues of the City. The City may also levy a property tax to pay the debt service. The bonds mature serially through September 2040 and bear interest at 3.89%.

In April 2022, the City financed the purchase of Public Works Equipment in the amount of \$71,655, payable through 2027 and bearing interest at an annual rate of 3.99%.

Future debt payments are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 124,454	\$ 79,529	\$ 203,983
2025	129,000	74,842	203,842
2026	135,569	69,978	205,547
2027	132,789	64,917	197,706
2028	129,000	60,173	189,173
2029-2033	723,000	224,858	947,858
2034-2038	712,000	79,270	791,270
2039-2040	64,999	2,940	67,939
	<u>\$ 2,150,811</u>	<u>\$ 656,507</u>	<u>\$ 2,807,318</u>

The City has two bond series and an equipment note directly placed at local banking institutions. The note and bond documents do not contain subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

CITY OF CREEDMOOR  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2023

**NOTE G -- PENSION PLAN**

**Plan Description**

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

**Benefits Provided**

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

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

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

*Employees Covered by Benefit Terms:*

	2022	2021
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0
Inactive Employees Entitled to but Not Yet Receiving Benefits	0	0
Active employees	4	3
	4	3

CITY OF CREEDMOOR  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2023

**NOTE G -- PENSION PLAN (CONT.)**

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The 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.

For the year ending September 30, 2023, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The City matches at 1 to 1. The contribution rates for the City were 5.49% and 5.49% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$17,196, and were equal to the required contributions.

**Actuarial Assumptions**

The City's net pension liability (NPL) was measured as of December 31, 2022 and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	8 Years
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.

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE G -- PENSION PLAN (CONT.)**

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

The actuarial assumptions were developed primarily from the actuarial investigation of 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35%	7.70%
Core Fixed Income	6%	4.90%
Non-Core Fixed Income	20%	8.70%
Other Public and Private Markets	12%	8.10%
Real Estate	12%	5.80%
Hedge Funds	5%	6.90%
Private Equity	10%	11.80%
	100%	

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE G -- PENSION PLAN (CONT.)**

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

**Changes in the Net Pension Liability**

The below schedule presents the changes in the Net Pension Liability as of December 31, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 50,335	\$ 21,726	\$ 28,609
Changes for the year:			
Service Cost	18,325	-	18,325
Interest	4,016	-	4,016
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	1,572	-	1,572
Changes of Assumptions	-	-	-
Contributions - Employer	-	13,065	(13,065)
Contributions - Employee	-	11,899	(11,899)
Net Investment Income	-	(1,613)	1,613
Benefit Payments, Including Refunds of Employee Contributions	-	-	-
Administrative Expense	-	(14)	14
Other Changes	-	17	(17)
Net Changes	<u>23,913</u>	<u>23,354</u>	<u>559</u>
Balance at December 31, 2022	<u>\$ 74,248</u>	<u>\$ 45,080</u>	<u>\$ 29,168</u>

**Sensitivity of the net pension liability (asset) to changes in the discount rate.**

The following presents the net pension liability (asset) 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 or 1-percentage-point higher than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 37,014	\$ 29,168	\$ 22,412



CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE G -- PENSION PLAN (CONT.)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2023, the City recognized pension expense of \$9,961. Also as of 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 Expected and Actual Economic Experience	\$ 1,610	\$ -
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings	2,302	-
Contributions Subsequent to the Measurement Date	13,277	-
	\$ 17,189	\$ -

Deferred outflows of resources in the amount of \$13,277 are related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,		
	2023	\$ 988
	2024	988
	2025	988
	2026	941
	2027	7
	Thereafter	-
		\$ 3,912

CITY OF CREEDMOOR  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2023

**NOTE H -- OTHER POST-EMPLOYMENT BENEFIT**

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit,” or OPEB. Membership in the plan at December 31, 2022, the valuation and measurement date, consisted of:

	2022	2021
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0
Inactive Employees Entitled to but Not Yet Receiving Benefits	0	0
Active employees	4	3
	4	3

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree SDBF Contribution Rate
For the Plan Year Ended December 31,		
2022	0.47%	0.00%
2021	0.21%	0.00%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 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.

CITY OF CREEDMOOR  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2023

**NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (CONT.)**

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	4.05%
Administrative Expenses	All administrative expenses are paid thru 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 City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2022, the measurement and actuarial valuation date, and was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2021	\$ 5,208
Changes for the year:	
Service Cost	1,951
Interest	114
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	95
Changes in Assumptions or Other Inputs	(2,681)
Benefit Payments	-
Net Changes	(521)
Balance at December 31, 2022	\$ 4,687

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (CONT.)**

The following presents the TOL of the City, calculated using the discount rate of 4.05% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 3.05%	Discount Rate 4.05%	Discount Rate 5.05%
Total OPEB Liability	\$ 5,724	\$ 4,687	\$ 3,889

For the year ended September 30, 2023, the City recognized OPEB expense of \$1,629. Also as of 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
Changes in Actuarial Assumptions	\$ -	\$ 95
Changes in Experience	-	1,830
Contributions Subsequent to the Measurement Date	-	-
	\$ -	\$ 1,925

There are no deferred outflows of resources related to SDBF OPEB benefits resulting from contributions subsequent to the measurement date that require recognition as a reduction of the SDBF OPEB for the plan year December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,	
2023	\$ (436)
2024	(436)
2025	(524)
2026	(518)
2027	(11)
Thereafter	-
	\$ (1,925)

CITY OF CREEDMOOR  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2023

**NOTE I -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to coverage limits.

**NOTE J -- LITIGATION**

Management is not aware of any pending or threatened litigation.

**NOTE K -- CONDUIT DEBT**

To further economic development in the State of Texas, the City issued bonds that provided capital financing to private-sector entities. During the year ended, September 30, 2023, the City did not issue any bonds to provide capital financing to private-sector entities. The total principal balance of bonds issued in prior years was \$18,500,000. The bonds are not liabilities of the City. In addition, no commitments were extended by the City for the bonds.

This page is left intentionally blank.

## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post-Employment Benefit Liability and Related Ratios

CITY OF CREEDMOOR  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 570,500	\$ 702,960	\$ 714,990	\$ 12,030
Franchise Fees	13,000	18,035	27,926	9,891
Sales Taxes	180,000	278,135	302,394	24,259
Licenses and Permits	135,015	225,406	329,099	103,693
Interest Income	-	-	18,733	18,733
Grants and Donations	45,000	57,730	94,874	37,144
Community Center Rentals	150,000	68,038	91,770	23,732
Miscellaneous	1,450	3,740	30,190	26,450
<b>TOTAL REVENUES</b>	<u>1,094,965</u>	<u>1,354,044</u>	<u>1,609,976</u>	<u>255,932</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Administration:				
Personnel	389,162	389,752	385,768	3,984
Services	93,000	139,000	311,174	(172,174)
Operating Costs	84,018	90,568	106,882	(16,314)
Public Works	47,500	62,349	75,263	(12,914)
Parks and Programs	284,719	230,388	117,398	112,990
Capital Outlay	230,000	372,371	1,815,230	(1,442,859)
Debt Service:				
Principal	156,000	156,000	124,928	31,072
Interest	41,167	41,167	79,544	(38,377)
<b>TOTAL EXPENDITURES</b>	<u>1,325,566</u>	<u>1,481,595</u>	<u>3,016,187</u>	<u>(1,534,592)</u>
<b>Excess (Deficiency) Over (Under) Expenditures</b>	<u>(230,601)</u>	<u>(127,551)</u>	<u>(1,406,211)</u>	<u>(1,278,660)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (230,601)</u>	<u>\$ (127,551)</u>	<u>(1,406,211)</u>	<u>\$ (1,278,660)</u>
<b>Fund Balance - October 1</b>			<u>2,153,845</u>	
<b>Fund Balance - September 30</b>			<u>\$ 747,634</u>	



CITY OF CREEDMOOR  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
SEPTEMBER 30, 2023

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF CREEDMOOR  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS  
LAST THREE PLAN (CALENDAR) YEARS

	Total Pension Liability		
	2020	2021	2022
Service Cost	\$ 3,077	\$ 12,453	\$ 18,325
Interest (on the Total Pension Liability)	2,087	2,753	4,016
Changes of Benefit Terms	29,388	-	-
Difference between Expected and Actual Experience	-	577	1,572
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	-	-	-
Net Change in Total Pension Liability	34,552	15,783	23,913
Total Pension Liability - Beginning	-	34,552	50,335
Total Pension Liability - Ending	<u>\$ 34,552</u>	<u>\$ 50,335</u>	<u>\$ 74,248</u>
	Plan Fiduciary Net Position		
	2020	2021	2022
Contributions - Employer	\$ 2,197	\$ 8,881	\$ 13,065
Contributions - Employee	2,000	8,097	11,899
Net Investment Income	-	554	(1,613)
Benefit Payments, Including Refunds of Employee Contributions	-	-	-
Administrative Expense	-	(3)	(14)
Other	-	-	17
Net Change in Plan Fiduciary Net Position	4,197	17,529	23,354
Plan Fiduciary Net Position - Beginning	-	4,197	21,726
Net Pension Liability - Ending	<u>\$ 4,197</u>	<u>\$ 21,726</u>	<u>\$ 45,080</u>
Net Pension Liability - Ending	\$ 30,355	\$ 28,609	\$ 29,168
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	12.15%	43.16%	60.72%
Covered Payroll	\$ 40,010	\$ 161,942	\$ 237,983
Net Pension Liability as a Percentage of Covered Payroll	75.87%	17.67%	12.26%

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

CITY OF CREEDMOOR  
 SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS  
 LAST THREE FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 17,196	\$ 17,196	\$ -	\$ 303,102	5.67%
2022	\$ 12,034	\$ 12,034	\$ -	\$ 218,285	5.51%
2021	\$ 8,718	\$ 8,718	\$ -	\$ 153,225	5.69%

Notes to Schedule of Contributions

Changes in Benefit Terms:

None

Changes in Actuarial Assumptions

None

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (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	8 Years
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.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

CITY OF CREEDMOOR  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND  
 RELATED RATIOS  
 LAST THREE CALENDAR (PLAN) YEARS

	Total OPEB Liability		
	2020	2021	2022
Service Cost	\$ 252	\$ 1,215	\$ 1,951
Interest	90	93	114
Changes of Benefit Terms	3,152	-	-
Difference between Expected and Actual Experience	-	(281)	95
Changes in Assumptions or Other Inputs	524	163	(2,681)
Benefit Payments	-	-	-
Net Change in Total Pension Liability	4,018	1,190	(521)
Total OPEB Liability - Beginning	-	4,018	5,208
Total OPEB Liability - Ending	<u>\$ 4,018</u>	<u>\$ 5,208</u>	<u>\$ 4,687</u>
 Covered Payroll	 \$ 40,010	 \$ 161,942	 \$ 237,983
 Total OPEB Liability as a Percentage of Covered Payroll	 10.04%	 3.22%	 1.97%

Notes to schedule of changes:

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

Changes in Assumptions: Discount Rate increased to 4.05% in calendar year 2022

**Valuation Date:**

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

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

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	4.05%
Administrative Expenses	All administrative expenses are paid thru 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.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

## SUPPLEMENTARY INFORMATION

Supplementary information includes financial information not considered a part of the basic financial statements. Such information includes:

- Comparative Fund Statements – General Fund

CITY OF CREEDMOOR  
 COMPARATIVE BALANCE SHEETS – GENERAL FUND  
 SEPTEMBER 30, 2023 AND 2022

	2023	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 787,538	\$ 2,118,806
Accounts Receivable - Ad Valorem Taxes	35,795	17,846
Accounts Receivable - Other	65,568	112,244
<b>TOTAL ASSETS</b>	<b>\$ 888,901</b>	<b>\$ 2,248,896</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 26,909	\$ 1,089
Development Escrow	62,656	48,351
Rental Deposits	17,105	17,760
Accrued Wages	4,183	10,109
<i>Total Liabilities</i>	110,853	77,309
 <i>Deferred Inflows of Resources</i>		
Unavailable Property Tax Revenues	30,414	17,742
 <i>Fund Balances:</i>		
Restricted for Park Improvements	-	101,681
Restricted Bond Proceeds	-	1,750,000
Unassigned	747,634	302,164
<i>Total Fund Balance</i>	747,634	2,153,845
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <b>\$ 888,901</b>	 <b>\$ 2,248,896</b>

CITY OF CREEDMOOR  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – GENERAL FUND  
 FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022

	2023	2022
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 714,990	\$ 304,972
Franchise Fees	27,926	16,605
Sales Taxes	302,394	256,213
Licenses and Permits	329,099	58,219
Interest Income	18,733	1,426
Grants and Donations	94,874	121,932
Cemetery Plots	-	3,000
Community Center Rentals	91,770	123,968
Miscellaneous	30,190	35,938
<b>TOTAL REVENUES</b>	<b>1,609,976</b>	<b>922,273</b>
<b>EXPENDITURES</b>		
<i>Current:</i>		
Administration	803,824	509,257
Public Works	75,263	129,347
Parks and Programs	117,398	104,651
Capital Outlay	1,815,230	127,504
Debt Service:		
Principal	124,928	26,916
Bond Issuance Costs	-	43,000
Interest Expense	79,544	14,430
<b>TOTAL EXPENDITURES</b>	<b>3,016,187</b>	<b>955,105</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,406,211)</b>	<b>(32,832)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Debt Issuance	-	1,821,655
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>-</b>	<b>1,821,655</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,406,211)</b>	<b>1,788,823</b>
<b>BEGINNING FUND BALANCE</b>	<b>2,153,845</b>	<b>365,022</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 747,634</b>	<b>\$ 2,153,845</b>