

City of Bridge City



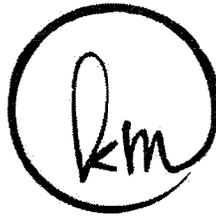
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2023

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keri michutka
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Bridge City, 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, each major fund, and the aggregate remaining fund information of the City of Bridge 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, each major fund, and the aggregate remaining fund information of the City of Bridge City as of September 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bridge 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, during the year ended September 30, 2023, the City adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA's). Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 of Bridge 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 of Bridge 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 (MD&A) on pages 4 to 12, the budgetary comparison information on page 47, and the TMRS required pension and OPEB schedules on pages 48 to 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bridge City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining fund financial statements but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024, on our consideration of the City of Bridge 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 of Bridge 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 of Bridge City’s internal control over financial reporting and compliance.



Bridge City, Texas
January 23, 2024

CITY OF BRIDGE CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bridge City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of 2023 by \$15,619,976. Of this amount \$2,861,643 is considered unrestricted. The unrestricted net position of the City's governmental activities is \$57,897 and may be used to meet the government's ongoing obligations. The unrestricted net position of the City's business-type activities is \$2,803,746 and may be used to meet the ongoing obligations of the City's water, sewer, and solid waste business-type activities.
- The City's total net position increased by \$108,509 in the fiscal year 2023.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$5,784,503 which is an increase of \$260,771.
- As of the end of the fiscal year, the unassigned fund balance for the General Fund was \$1,899,607.
- The City's total long-term bonded debt decreased by \$590,000 for routine bond payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave and compensatory time).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and community enrichment. The business-type activities of the City include water, sewer and sanitation operations.

The *government-wide financial statements* can be found on pages 13 to 15 of this report.

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. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Establishment of some funds is required by state law and bond covenants. However, the City Council establishes other funds to help control and manage particular purposes or as evidence of meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

GOVERNMENTAL FUNDS

The majority of the City's basic services are reported in *governmental funds*, which focus on how money flows into and out of those funds and the available balances at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there has been an increase or decrease in financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 16 to 21 of this report.

PROPRIETARY FUNDS

The City charges customers for the services it provides. These services are generally reported in proprietary funds. *Proprietary funds* are reported in the same manner that all activities are reported in the *Statement of Net Position and the Statement of Cash Flows*. All activities associated with providing such services are included in administration, operation, maintenance, improvements, billing and collection. The City's intent is that the costs of providing these services to the general public on a continuing basis is financed through charges in a manner similar to a private enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as cash flows. The basic *proprietary fund financial statements* can be found on pages 22 to 24 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The *notes to the financial statements* can be found on pages 25 to 46 of this report.

THE CITY AS A WHOLE – GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$15,619,976 at September 30, 2023. This analysis focuses on the net assets (Table 1) and changes in general revenues (Table 2) of the City's governmental and business-type activities.

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

TABLE 1
NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 9,006,971	\$ 9,345,502	\$ 4,400,292	\$ 4,260,520	\$ 13,407,263	\$ 13,606,022
Capital Assets	9,202,639	9,430,016	4,141,131	3,761,010	13,343,770	13,191,026
Total Assets	18,209,610	18,775,518	8,541,423	8,021,530	26,751,033	26,797,048
Deferred Outflow - Pension Plan	2,562,084	1,306,923	706,846	354,945	3,268,930	1,661,868
Deferred Outflow - OPEB	12,113	40,008	3,870	10,590	15,983	50,598
Total Deferred Outflows	2,574,197	1,346,931	710,716	365,535	3,284,913	1,712,466
Long-Term Liabilities						
Outstanding	9,833,185	7,215,536	1,421,952	772,135	11,255,137	7,987,671
Other Liabilities	2,325,101	3,045,765	780,854	580,186	3,105,955	3,625,951
Total Liabilities	12,158,286	10,261,301	2,202,806	1,352,321	14,361,092	11,613,622
Deferred Inflow - Pension Plan	-	1,092,821	-	286,102	-	1,378,923
Deferred Inflow - OPEB	43,293	4,409	11,585	1,093	54,878	5,502
Total Deferred Inflows	43,293	1,097,230	11,585	287,195	54,878	1,384,425
Net Position:						
Invested in Capital Assets,						
Net of Related Debt	4,639,435	4,420,016	4,141,131	3,761,010	8,780,566	8,181,026
Restricted for Inventories	55,264	65,765	92,871	85,040	148,135	150,805
Restricted Net Position	3,829,632	3,996,473	-	-	3,829,632	3,996,473
Unrestricted Net Position	57,897	281,664	2,803,746	2,901,499	2,861,643	3,183,163
Total Net Position	\$ 8,582,228	\$ 8,763,918	\$ 7,037,748	\$ 6,747,549	\$ 15,619,976	\$ 15,511,467

The total unrestricted net assets of \$2,861,643 may be used to meet the government's ongoing obligations to citizens and creditors. It is important to note that the net assets of the City's business-type activities may not be used to fund governmental activities and vice versa.

As reflected in the following table (Table 2) the City's net assets increased by \$108,509 during the current fiscal year. Net assets for the governmental activities decreased \$181,690 and net assets for the business-type activities increased \$290,199.

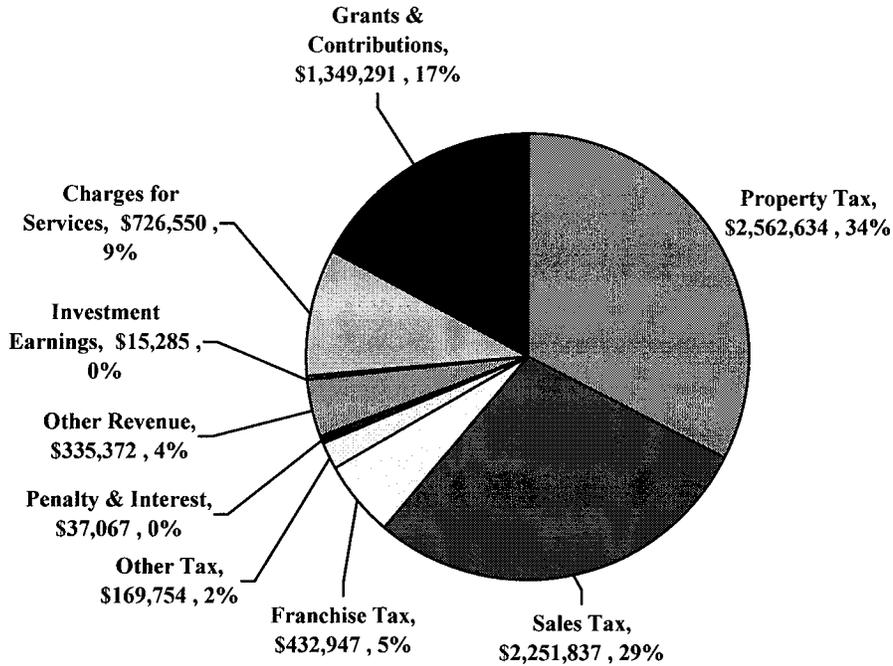
TABLE 2
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 726,550	\$ 613,358	\$ 4,722,117	\$ 4,169,107	\$ 5,448,667	\$ 4,782,465
Operating Grants & Contrib	50,609	35,323	-	-	50,609	35,323
General Revenues:						
Property Taxes	2,562,634	2,495,663	-	-	2,562,634	2,495,663
Sales Taxes	2,251,837	2,110,474	-	-	2,251,837	2,110,474
Franchise Taxes	432,947	427,824	-	-	432,947	427,824
Other Taxes	169,754	177,676	-	-	169,754	177,676
Penalty & Interest	37,067	37,559	-	-	37,067	37,559
Grants and Contributions	1,298,682	310,963	2,500	166,978	1,301,182	477,941
Other	335,372	336,022	21,927	3,000	357,299	339,022
Investment Earnings	15,285	12,445	74,306	13,304	89,591	25,749
Total Revenues	<u>7,880,737</u>	<u>6,557,307</u>	<u>4,820,850</u>	<u>4,352,389</u>	<u>12,701,587</u>	<u>10,909,696</u>
Expenses:						
General Government	1,420,888	1,188,822	-	-	1,420,888	1,188,822
Public Safety	3,179,843	2,554,184	-	-	3,179,843	2,554,184
Public Works	2,208,509	2,251,303	-	-	2,208,509	2,251,303
Community Development	334,210	252,490	-	-	334,210	252,490
Parks & Recreation	129,312	138,404	-	-	129,312	138,404
Library	341,685	197,620	-	-	341,685	197,620
Interest on Long-Term Debt	188,657	198,543	-	-	188,657	198,543
Utilities	-	-	4,787,974	4,612,816	4,787,974	4,612,816
Other	2,000	2,000	-	-	2,000	2,000
Total Expenses	<u>7,805,104</u>	<u>6,783,366</u>	<u>4,787,974</u>	<u>4,612,816</u>	<u>12,593,078</u>	<u>11,396,182</u>
Increase (Decrease) in Net Position Before Transfers	75,633	(226,059)	32,876	(260,427)	108,509	(486,486)
Extraordinary item - Resource	-	500,809	-	-	-	500,809
Extraordinary item - Use	-	(482,331)	-	-	-	(482,331)
Transfers In (Out)	<u>(257,323)</u>	<u>(52,788)</u>	<u>257,323</u>	<u>52,788</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	(181,690)	(260,369)	290,199	(207,639)	108,509	(468,008)
Net Position Beginning	<u>8,763,918</u>	<u>9,024,287</u>	<u>6,747,549</u>	<u>6,955,188</u>	<u>15,511,467</u>	<u>15,979,475</u>
Net Position Ending	<u>\$ 8,582,228</u>	<u>\$ 8,763,918</u>	<u>\$ 7,037,748</u>	<u>\$ 6,747,549</u>	<u>\$ 15,619,976</u>	<u>\$ 15,511,467</u>

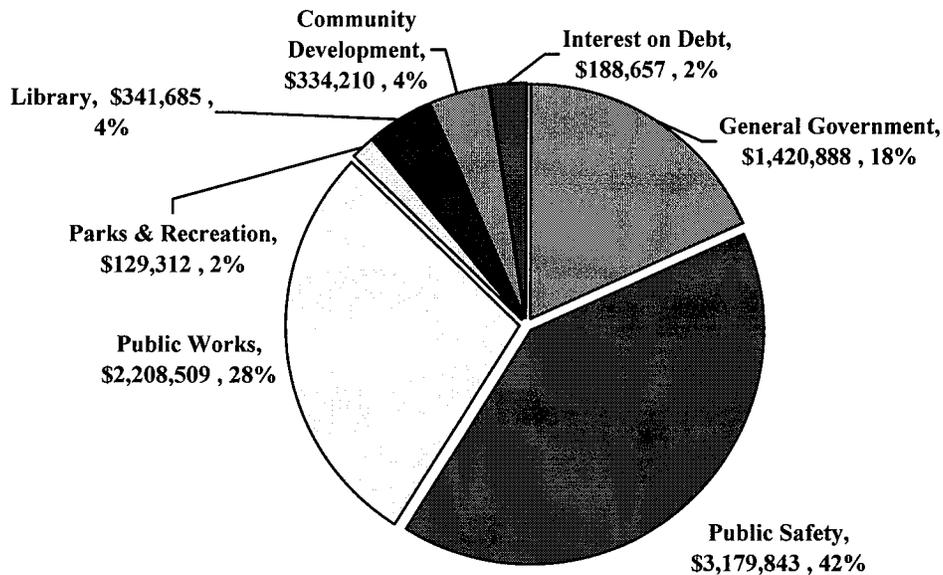
GOVERNMENTAL ACTIVITIES – REVENUES AND EXPENDITURES

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

2023 Governmental Activities Revenues



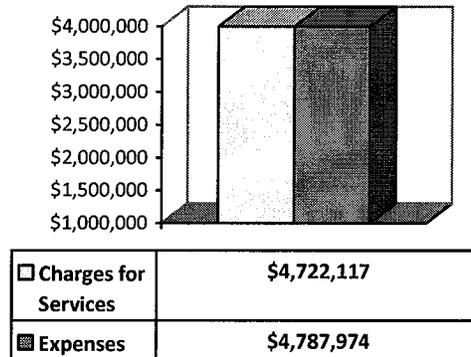
2023 Governmental Activities Expenditures



BUSINESS -TYPE ACTIVITIES - REVENUES AND EXPENSES

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

2023 Proprietary Funds



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$5,784,503 which is an increase of \$260,771 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,899,607 while the total fund balance was \$1,954,871. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the City’s General Fund increased by \$427,612 during the current fiscal year. The largest sources of additional revenue came from property taxes, sales taxes and fines and forfeitures.

The Debt Service Fund has a total fund balance of \$1,410,994, an increase of \$9,498, all of which is restricted for the payment of debt service. The Debt Service Fund is funded with property tax revenue at the level necessary to meet debt service requirements.

The other funds have a fund balance of \$2,418,638, all of which is restricted. The fund balance decreased by \$176,339 from the prior fiscal year.

PROPRIETARY FUNDS

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

Unrestricted net position of the Utility Fund (water, sewer, wastewater, and sanitation) at the end of the fiscal year amounted to \$2,803,746. Net position in the water, sewer and sanitation fund increased by \$290,199.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2022 – 2023, the City Council did amend the original budget for the General Fund.

During the year, actual expenditures exceeded revenues by \$691,101. This excludes any transfers or extraordinary items.

A comparison of final budgetary resources and appropriations can be found on page 47.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS - The City’s investment on capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$13,343,770 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer systems, streets and drainage systems, vehicles, machinery, equipment, furniture and fixtures. Capital assets held by the City at the end of the current year are summarized as follows:

Table 3
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 698,437	\$ 370,793	\$ 53,420	\$ 53,420	\$ 751,857	\$ 424,213
Buildings, Plants, and Lines	1,278,422	1,378,592	180,327	185,717	1,458,749	1,564,309
Infrastructure	6,415,678	7,021,135	2,459,909	2,599,861	8,875,587	9,620,996
Vehicles, Machinery, & Equip.	662,195	659,496	884,040	922,012	1,546,235	1,581,508
Right-to-Use Lease Assets	147,907	-	-	-	147,907	-
Construction in Progress	-	-	563,435	-	563,435	-
	<u>\$ 9,202,639</u>	<u>\$ 9,430,016</u>	<u>\$ 4,141,131</u>	<u>\$ 3,761,010</u>	<u>\$ 13,343,770</u>	<u>\$ 13,191,026</u>

During the current year, major additions for governmental type activities were as follows:

- Land \$ 327,644
- Vehicles \$ 261,716
- Large Equipment \$ 158,671

In addition, the major additions made for the business-type activities were as follows:

- Vehicles \$ 24,751
- Large Equipment \$ 128,420
- Suncrest Water/Sewer Lines \$ 224,697

Additional information about the City’s capital assets is presented in Note F of the financial statements.

LONG-TERM DEBT – At the end of the current fiscal year, the City had total bonds outstanding of \$4,420,000 which is secured by tax and certain surplus revenues, after deduction of expenses of operation and maintenance of the City’s water and sewer system.

The debt position of the City is summarized below and is more fully analyzed in Note G on page 36 of the financial statements.

Table 4
Long-Term Debt Obligations Outstanding
General Obligation Bonds and Certificates of Obligation

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
	Water & Sewer System Improvements Certificates of Obligation: Series 2012	780,000	965,000	-	-	780,000
General Obligation Certificates of Obligation: Series 2015	2,005,000	2,305,000	-	-	2,005,000	2,305,000
General Obligation Certificates of Obligation: Series 2018	1,635,000	1,740,000	-	-	1,635,000	1,740,000
	<u>\$ 4,420,000</u>	<u>\$ 5,010,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,420,000</u>	<u>\$ 5,010,000</u>

The City’s total debt decreased by \$590,000 during the current fiscal year, which represents the debt principal payments.

There is no direct debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum tax rate for all City purposes to \$2.50 per \$100 of assessed valuation. The Attorney General of the State of Texas permits allocation of \$1.50 of the \$2.50 maximum rate for general obligation debt service. The 2022 – 2023 tax rate per \$100 of assessed valuation is \$0.14599 for debt allocation and \$0.33629 for the operating & maintenance allocation. This sets the total tax rate at \$0.48228, which is below the City’s maximum allowable tax rate.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Economic factors for fiscal year 2022 – 2023

- ❑ During the one-year period from October 2022 to September 2023 the City collected \$2,251,837 in Sales Tax, this was a 10.67% increase from the previous fiscal year. The average for the last five years in sales tax collections is \$2,017,269. Sales tax revenue accounts for approximately 37.29% of the General Fund Revenues.
- ❑ The ad valorem taxable values for the 2022 - 2023 budget increased by 11.02% over the prior year. The adopted tax rate of 0.48228 per \$100 of assessed property values is a 7.91% decrease over the prior year rate.
- ❑ The City of Bridge City has only one industrial (in lieu of taxes) contract. A portion of Lion Elastomers (previously Firestone Polymers) is in the City’s extra-territorial jurisdiction. Lion Elastomers pays based on the assessed valuation of that property. In the fiscal year 2022-2023, Lion Elastomers paid \$25,101 to the City.
- ❑ The budget for 2022 - 2023 fiscal year contained a 3% increase for Salaries and Wages. There is a 3% increase budgeted for Salaries and Wages in the 2023 – 2024 Budget.

- ❑ The City of Bridge City continues to work with FEMA and TDEM on the Hazard Mitigation Grant Program - Disaster Relief for Hurricane Harvey. The Bridge City Stormwater Management Project is a phased project that will improve the existing drainage system by deepening and widening of the existing channels and ditches, hardening of existing outfalls and replacement of undersized culverts in the main outfall areas of the City.
- ❑ The City of Bridge City has been awarded Community Development Block Grant Disaster Recovery Funds to assist property owners affected by Hurricane Harvey. The Texas General Land Office is working with the City on the acquisition project not to exceed \$1,566,044. Assistance will be provided to approximately 9 homeowners affected by Hurricane Harvey. Homeowners must be located in a floodplain or reside in a repetitive flood area and agree to relocate to outside the floodplain or a location of reduced flood risk.

Economic factors for fiscal year 2023 – 2024:

- ❑ The City of Bridge City’s adopted 2023 – 2024 ad valorem tax rate of 0.46826 is a 2.91% decrease over the 2022 – 2023 tax rate of .48228 and will generate approximately \$253,655 more in revenue due to increased property tax values.
- ❑ The City was awarded a grant with the Texas General Land Office for the DR-4332 Community Development Block Grant – Disaster Recovery Infrastructure Program in the amount of \$2,034,183. This grant will provide water system improvements for the City.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the City of Bridge City’s finances for all of those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bridge City, City Secretary, P. O. Box 846, Bridge City, TX 77611.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

CITY OF BRIDGE CITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,479,381	\$ 3,270,472	\$ 10,749,853
Taxes Receivable, Net	441,730	-	441,730
Other Receivables	940,367	1,036,355	1,976,722
Due from Other Governments	72,556	-	72,556
Inventories	55,264	92,871	148,135
Prepaid Items	17,673	594	18,267
Capital Assets:			
Land	698,437	53,420	751,857
Buildings, Net	1,278,422	180,327	1,458,749
Machinery & Equipment, Net	662,195	884,040	1,546,235
Infrastructure, Net	6,415,678	2,459,909	8,875,587
Right-to-Use Lease Assets, Net	147,907	-	147,907
Construction in Progress	-	563,435	563,435
Total Assets	<u>18,209,610</u>	<u>8,541,423</u>	<u>26,751,033</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	2,562,084	706,846	3,268,930
Deferred Outflow Related to OPEB	12,113	3,870	15,983
Total Deferred Outflows of Resources	<u>2,574,197</u>	<u>710,716</u>	<u>3,284,913</u>
LIABILITIES			
Accounts Payable	170,313	82,617	252,930
Wages and Salaries Payable	95,383	32,029	127,412
Compensated Absences Payable	175,382	63,721	239,103
Intergovernmental Payable	-	5,998	5,998
Accrued Interest Payable	41,183	-	41,183
Unearned Revenues	1,601,397	467,075	2,068,472
Other Current Liabilities	241,443	129,414	370,857
Noncurrent Liabilities:			
Due Within One Year	658,934	-	658,934
Due in More Than One Year:			
Bonds Payable - Noncurrent	3,800,000	-	3,800,000
Right-to-Use Lease Liabilities - Noncurrent	104,269	-	104,269
Net Pension Liability	5,094,255	1,374,537	6,468,792
Net OPEB Liability	175,727	47,415	223,142
Total Liabilities	<u>12,158,286</u>	<u>2,202,806</u>	<u>14,361,092</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to OPEB	43,293	11,585	54,878
Total Deferred Inflows of Resources	<u>43,293</u>	<u>11,585</u>	<u>54,878</u>
NET POSITION			
Net Investment in Capital Assets and Lease Assets	4,639,435	4,141,131	8,780,566
Restricted:			
Restricted for Inventories	55,264	92,871	148,135
Restricted for Capital Acquisition	660,435	-	660,435
Restricted for Debt Service	1,410,994	-	1,410,994
Restricted for Other Purposes	1,758,203	-	1,758,203
Unrestricted Net Position	57,897	2,803,746	2,861,643
Total Net Position	<u>\$ 8,582,228</u>	<u>\$ 7,037,748</u>	<u>\$ 15,619,976</u>

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

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

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 42,808	\$ -	\$ -
Court	272,244	497,682	-
Administration	1,105,836	-	-
Police	3,179,843	30,110	50,601
Streets and Drainage	2,208,509	196,857	-
Parks and Recreation	129,312	-	-
Library	341,685	1,901	8
Community Development	334,210	-	-
Interest on Debt	180,053	-	-
Interest on Right-to-Use Leases	8,604	-	-
Other Debt Service	2,000	-	-
Total Governmental Activities	7,805,104	726,550	50,609
BUSINESS-TYPE ACTIVITIES:			
Utility Fund	4,787,974	4,722,117	-
Total Business-Type Activities	4,787,974	4,722,117	-
TOTAL PRIMARY GOVERNMENT	\$ 12,593,078	\$ 5,448,667	\$ 50,609

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- General Sales and Use Taxes
- Franchise Tax
- Other Taxes
- Penalty and Interest on Taxes
- Grants and Contributions
- Miscellaneous Revenue
- Investment Earnings
- Transfers In (Out)

Total General Revenues 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		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (42,808)	\$ -	\$ (42,808)
225,438	-	225,438
(1,105,836)	-	(1,105,836)
(3,099,132)	-	(3,099,132)
(2,011,652)	-	(2,011,652)
(129,312)	-	(129,312)
(339,776)	-	(339,776)
(334,210)	-	(334,210)
(180,053)	-	(180,053)
(8,604)	-	(8,604)
(2,000)	-	(2,000)
<u>(7,027,945)</u>	<u>-</u>	<u>(7,027,945)</u>
-	(65,857)	(65,857)
-	(65,857)	(65,857)
<u>(7,027,945)</u>	<u>(65,857)</u>	<u>(7,093,802)</u>
1,783,043	-	1,783,043
779,591	-	779,591
2,251,837	-	2,251,837
432,947	-	432,947
169,754	-	169,754
37,067	-	37,067
1,298,682	2,500	1,301,182
335,372	21,927	357,299
15,285	74,306	89,591
(257,323)	257,323	-
<u>6,846,255</u>	<u>356,056</u>	<u>7,202,311</u>
(181,690)	290,199	108,509
<u>8,763,918</u>	<u>6,747,549</u>	<u>15,511,467</u>
<u>\$ 8,582,228</u>	<u>\$ 7,037,748</u>	<u>\$ 15,619,976</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF BRIDGE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Hotel/ Motel Fund	ARPA Coronavirus Relief Fund
ASSETS			
Cash and Cash Equivalents	\$ 1,805,725	\$ 1,246,629	\$ 1,634,711
Taxes Receivable, Net	345,270	20,555	-
Other Receivables	7,816	-	-
Due from Other Governments	-	-	-
Due from Other Funds	218,624	-	-
Inventories	55,264	-	-
Prepaid Items	17,673	-	-
Total Assets	<u>\$ 2,450,372</u>	<u>\$ 1,267,184</u>	<u>\$ 1,634,711</u>
LIABILITIES			
Accounts Payable	\$ 135,989	\$ -	\$ -
Wages and Salaries Payable	95,383	-	-
Due to Other Funds	2,000	-	33,314
Unearned Revenues	-	-	1,601,397
Other Current Liabilities	114,235	-	-
Total Liabilities	<u>347,607</u>	<u>-</u>	<u>1,634,711</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	147,894	-	-
Total Deferred Inflows of Resources	<u>147,894</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Inventories	55,264	-	-
Restricted Fund Balance:			
Capital Projects	-	-	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	1,267,184	-
Unassigned Fund Balance	1,899,607	-	-
Total Fund Balances	<u>1,954,871</u>	<u>1,267,184</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,450,372</u>	<u>\$ 1,267,184</u>	<u>\$ 1,634,711</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 1,410,994	\$ 1,381,322	\$ 7,479,381
75,905	-	441,730
-	42,417	50,233
-	72,556	72,556
-	35,314	253,938
-	-	55,264
-	-	17,673
<u>\$ 1,486,899</u>	<u>\$ 1,531,609</u>	<u>\$ 8,370,775</u>
\$ -	\$ 34,324	\$ 170,313
-	-	95,383
-	218,624	253,938
-	-	1,601,397
-	127,207	241,442
-	380,155	2,362,473
75,905	-	223,799
<u>75,905</u>	-	<u>223,799</u>
-	-	55,264
-	660,435	660,435
1,410,994	-	1,410,994
-	491,019	1,758,203
-	-	1,899,607
<u>1,410,994</u>	<u>1,151,454</u>	<u>5,784,503</u>
<u>\$ 1,486,899</u>	<u>\$ 1,531,609</u>	<u>\$ 8,370,775</u>

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

Total Fund Balances - Governmental Funds	\$	5,784,503
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		4,213,051
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.		1,206,608
Included in the items related to debt is the recognition of the City's net pension liability required by GASB 68. The net position related to TMRS included a deferred resource outflow in the amount of \$2,562,084 and a net pension liability in the amount of \$5,094,255. This resulted in a decrease in net position.		(2,532,171)
Included in the items related to debt is the recognition of the City's net OPEB liability required by GASB 75. The net position related to TMRS included a deferred resource outflow in the amount of \$12,113, a deferred resource inflow in the amount of \$43,293, and a net OPEB liability in the amount of \$175,727. This resulted in a decrease in net position.		(206,907)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(955,606)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,072,750
Net Position of Governmental Activities	\$	8,582,228

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

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

	General Fund	Hotel/ Motel Fund	ARPA Coronavirus Relief Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 1,764,698	\$ -	\$ -
General Sales and Use Taxes	2,251,837	-	-
Franchise Tax	432,947	-	-
Other Taxes	43,356	126,398	-
Penalty and Interest on Taxes	24,058	-	-
Licenses and Permits	213,381	-	-
Intergovernmental Revenue and Grants	78,859	-	193,960
Charges for Services	80,981	-	-
Fines and Forfeitures	367,659	-	-
Investment Earnings	3,605	2,412	3,442
Contributions & Donations from Private Sources	8	-	-
Other Revenue	93,659	-	-
Total Revenues	5,355,048	128,810	197,402
EXPENDITURES:			
Current:			
General Government:			
Court	182,576	-	-
Administration	1,009,265	-	-
Public Safety:			
Police	2,895,764	-	-
Public Works:			
Streets and Drainage	1,363,962	-	-
Culture and Recreation:			
Parks and Recreation	101,986	-	-
Library	305,648	-	-
Community Development	186,948	40,888	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Other Debt Service	-	-	-
Total Expenditures	6,046,149	40,888	-
Excess (Deficiency) of Revenues Over Expenditures	(691,101)	87,922	197,402
OTHER FINANCING SOURCES (USES):			
Proceeds from Right-to-Use Leases	167,442	-	-
Transfers In	951,271	-	-
Transfers Out	-	-	(197,402)
Total Other Financing Sources (Uses)	1,118,713	-	(197,402)
Net Change in Fund Balances	427,612	87,922	-
Fund Balance - October 1 (Beginning)	1,527,259	1,179,262	-
Fund Balance - September 30 (Ending)	\$ 1,954,871	\$ 1,267,184	\$ -

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 769,678	\$ -	\$ 2,534,376
-	-	2,251,837
-	-	432,947
-	-	169,754
13,009	-	37,067
-	-	213,381
-	1,076,464	1,349,283
-	203,657	284,638
-	10,416	378,075
3,303	2,523	15,285
-	-	8
-	54,887	148,546
<u>785,990</u>	<u>1,347,947</u>	<u>7,815,197</u>
-	55,244	237,820
-	42,808	1,052,073
-	6,474	2,902,238
-	98,958	1,462,920
-	-	101,986
-	-	305,648
-	397,532	625,368
590,000	-	590,000
184,492	-	184,492
2,000	-	2,000
<u>776,492</u>	<u>601,016</u>	<u>7,464,545</u>
<u>9,498</u>	<u>746,931</u>	<u>350,652</u>
-	-	167,442
-	197,402	1,148,673
-	(1,208,594)	(1,405,996)
-	(1,011,192)	(89,881)
<u>9,498</u>	<u>(264,261)</u>	<u>260,771</u>
<u>1,401,496</u>	<u>1,415,715</u>	<u>5,523,732</u>
<u>\$ 1,410,994</u>	<u>\$ 1,151,454</u>	<u>\$ 5,784,503</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	260,771
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase the change in net position.		1,206,608
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$476,446. Contributions made before the measurement date and during the fiscal year were also de-expended and recorded as a reduction in net pension liability. This caused an increase in net position totaling \$157,754. Finally, the City's proportionate share of the TMRS pension expense on the plan as a whole has to be recorded. The net pension expense decreased the change in net position by \$1,424,642. The net result is a decrease in the change in net position.		(790,442)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$15,982. Contributions made before the measurement date and during the fiscal year were also de-expended and recorded as a reduction in net OPEB liability. This caused an increase in net position totaling \$3,383. Finally, the proportionate share of the TMRS OPEB expense on the plan as a whole has to be recorded. The net OPEB expense decreased the change in net position. The net result is an increase in the change in net position.		7,199
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(955,606)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		89,780
Change in Net Position of Governmental Activities	\$	(181,690)

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF BRIDGE CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

Business Type Activities

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 3,270,472
Other Receivables	1,036,355
Inventories	92,871
Prepaid Items	594
Total Current Assets	4,400,292
Noncurrent Assets:	
Capital Assets:	
Land	53,420
Buildings, net	180,327
Machinery & Equipment, net	884,040
Infrastructure, net	2,459,909
Construction in Progress, net	563,435
Total Noncurrent Assets	4,141,131
Total Assets	8,541,423

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow Related to Pension Plan	706,846
Deferred Outflow Related to OPEB	3,870
Total Deferred Outflows of Resources	710,716

LIABILITIES

Current Liabilities:	
Accounts Payable	82,617
Wages and Salaries Payable	32,029
Compensated Absences Payable	63,721
Intergovernmental Payable	5,998
Unearned Revenues - TWDB Grant	52,436
Unearned Revenues - Customer Advance Payments	414,639
Other Current Liabilities	129,414
Total Current Liabilities	780,854
Noncurrent Liabilities:	
Net Pension Liability	1,374,537
Net OPEB Liability	47,415
Total Noncurrent Liabilities	1,421,952
Total Liabilities	2,202,806

DEFERRED INFLOWS OF RESOURCES

Deferred Inflow Related to OPEB	11,585
Total Deferred Inflows of Resources	11,585

NET POSITION

Net Investment in Capital Assets and Lease Assets	4,141,131
Restricted for Inventories	92,871
Unrestricted Net Position	2,803,746
Total Net Position	\$ 7,037,748

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

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

EXHIBIT D-2

	Business-Type Activities
<hr/>	
OPERATING REVENUES:	
Charges for Water Service	\$ 1,519,524
Charges for Sewerage Service	1,458,413
Charges for Sanitation Service	1,062,286
Charges for Service - Other	681,894
Total Operating Revenues	4,722,117
OPERATING EXPENSES:	
Personnel Services - Salaries and Wages	925,318
Personnel Services - Employee Benefits	623,826
Purchased Professional & Technical Services	176,118
Purchased Property Services	1,927,834
Other Operating Costs	353,642
Supplies	166,051
Depreciation	615,185
Total Operating Expenses	4,787,974
Operating Income (Loss)	(65,857)
NONOPERATING REVENUES (EXPENSES):	
Grant Income	2,500
Investment Earnings	74,306
Insurance Recovery	3,927
Gain on Sale of Real and Personal Property	18,000
Total NonOperating Revenue (Expenses)	98,733
Income Before Transfers	32,876
Transfers In	907,323
Transfers Out	(650,000)
Change in Net Position	290,199
Total Net Position - October 1 (Beginning)	6,747,549
Total Net Position - September 30 (Ending)	\$ 7,037,748

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

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

EXHIBIT D-3

	Business-Type Activities
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 4,412,238
Cash Payments to Employees for Services	(1,328,169)
Cash Payments for Suppliers	(173,882)
Cash Payments for Other Operating Expenses	(2,430,186)
Net Cash Provided by Operating Activities	480,001
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Cash Received from Grants	2,500
Cash Received from Insurance	3,927
Transfers In (Out)	257,323
Net Cash Provided by Non-Capital Financing Activities	263,750
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(995,306)
Gain on Sale of Real and Personal Property	18,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	(977,306)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	74,306
Net Increase (Decrease) in Cash and Cash Equivalents	(159,249)
Cash and Cash Equivalents at Beginning of Year	3,429,721
Cash and Cash Equivalents at End of Year	\$ 3,270,472
<hr/>	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss)	\$ (65,857)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	615,185
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(309,879)
Decrease (Increase) in Inventories	(7,831)
Decrease (Increase) in Prepaid Expenses	18,689
Increase (Decrease) in Accounts Payable	(70,815)
Increase (Decrease) in Other Payables	79,534
Increase (Decrease) in Net Pension Liability	860,038
Increase (Decrease) in Net OPEB Liability	(18,272)
Decrease (Increase) in Deferred Outflows	(345,181)
Increase (Decrease) in Deferred Inflows	(275,610)
Net Cash Provided by Operating Activities	\$ 480,001

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BRIDGE CITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bridge City (the "City") was incorporated in 1970 under the provision of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a council-manager form of government and provides the following services as authorized by its charter: Public Safety - Police, Streets, Sanitation, Health and Social Services, Culture, Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

A. REPORTING ENTITY

The Mayor and Council are elected by the public and they have the authority to make decisions, appoint administrators and managers, and significantly influence operations. They also have the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Council ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Bridge City nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" columns include amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Council pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The City reports the following major governmental funds:

1. **The General Fund** – The General Fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **The Debt Service Fund** - The Debt Service Fund accounts for the accumulation of resources to pay principal and interest on long-term debt.

The City reports the following major enterprise fund(s):

1. **The Utility Fund** - The Utility Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing utility services to the general public on a continuing basis are financed through user charges.

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
2. **Special Revenue Funds** - The Special Revenue Funds account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance often is accounted for in a Special Revenue Fund.

E. OTHER ACCOUNTING POLICIES

1. **Cash and Investments** For purposes of the statement of cash flows for proprietary funds, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. **Inventories** Inventories in the proprietary fund consist primarily of supplies for water and sewer repairs, valued at cost, which approximates market. Cost is determined using the first-in first-out method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.
3. **Capital Assets** Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	20
Furniture & Fixtures	10
Machinery & Equipment	3-10

4. **Right-to-use Lease Assets and Liabilities** A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level of \$50,000 set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

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

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

6. **Compensated Absences** Accumulated unpaid vacation is accrued when incurred in the proprietary fund. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. The City pays accrued sick leave only when the employee retires. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The amount expected to be repaid from current resources is not significant.
7. **Pensions** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
8. **Other Postemployment Benefits (OPEB)** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
9. **Insurance Programs** The City provides all full-time and regular part-time employees with group health, dental, life, accidental death and dismemberment benefits. The City pays a portion of dependent health coverage. In addition, the City offers dependent dental coverage at the employee's expense.
10. **Fund Balance** Restricted fund balance includes the portion of net resources on which limitations are imposed by external parties, constitutional provisions, or enabling legislation. Committed fund balance includes the portion of net resources upon which the City Council has imposed limitation on use. Commitments may be changed or lifted only by the Council taking the same formal action that originally imposed the constraint. Unassigned fund balance is the residual classification for the general fund, available for any purpose.

F. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

During the year, the City implemented Governmental Accounting Standards Board Statement No. 96 – Subscription-Based Information Technology Arrangements (“GASB 96”). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. However, the City has no material arrangements that are required to be recorded as a SBITA. Prospectively, the City will be recording any material, applicable SBITA’s in accordance with GASB 96.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the year	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 370,793	\$	\$ 370,793	
Buildings	2,743,629	1,365,037	1,378,592	
Furniture & Fixtures	163,332	163,332	-	
Machinery & Equipment	4,207,795	3,548,299	659,496	
Infrastructure	<u>26,538,708</u>	<u>19,517,573</u>	<u>7,021,135</u>	
Change in Net Position				<u>9,430,016</u>
Long-term Liabilities at the Beginning of the year			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			5,010,000	
Compensated Absences			<u>206,965</u>	
Change in Net Position				<u>(5,216,965)</u>
Net Adjustment to Net Position				<u>\$ 4,213,051</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements.

This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ 327,644		
Machinery and Equipment	233,142		
Right-to-Use Lease Assets	<u>167,442</u>		
Total Capital Outlay	<u>728,228</u>	<u>728,228</u>	<u>728,228</u>
<u>Debt Principal Issuance & Payments</u>			
Bond Principal	590,000		
Right-to-Use Lease Liabilities	(143,203)		
Other	<u>31,583</u>		
Total Change in Debt Principal	<u>478,380</u>	<u>478,380</u>	<u>478,380</u>
Total Adjustments to Net Position		<u>\$ 1,206,608</u>	<u>\$ 1,206,608</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 41,866	\$ (41,866)	
Uncollected Taxes (assumed collectible) from Current Year Levy	80,348	80,348	80,348
Uncollected Taxes (assumed collectible) from Prior Year Levy	143,451		143,451
Difference in prior year estimated collectible and current year collections	10,224	(10,224)	
Accrued interest on long-term debt	41,183	(41,183)	(41,183)
Prior year accrued interest on long-term debt	45,622	45,622	
Reclassify fines receivable assessed but not received this year		<u>57,083</u>	<u>890,134</u>
Total		<u>\$ 89,780</u>	<u>\$ 1,072,750</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

As set forth in the City Charter, the City Council adopts an annual budget for the General Fund, Debt Service Fund, Capital Projects Fund, and the Enterprise Fund. Accordingly, all property tax revenues are budgeted to be received in the General Fund, although actual receipts are recorded in both the General Fund and the Debt Service Fund. The annual budgets for the General Fund, Debt Service Fund, and Capital Projects Fund are prepared in accordance with the basis of accounting utilized by that fund. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, nonoperating income and expense items are not considered. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures/expenses must be approved by the City Council. Prior to year-end, the City Council adopts an amended budget approving such additional expenditures/expenses. The amended budgets for the General Fund and Debt Service Fund are presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. All annual appropriations lapse at fiscal year-end.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,749,853 and the bank balance was \$10,833,444. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Bridge City State Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$10,563,756 and the par value was \$13,321,083.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,391,223 and occurred during the month of March.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Cash or Investments that are insured, registered or held by the City or by its agent in the City's name.

Category 2 - Cash or Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the City's name.

Based on these three levels of risk, all of the City's investments are classified as Category 1.

The City's investments at September 30, 2023, are shown below:

Name	Carrying Amount	Market Value	Category
TexPool Local Government Investment Pool	\$ 1,066,054	\$ 1,066,054	1
TexStar	\$ 536,425	\$ 536,425	1

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

As of September 30, 2023, the City’s interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	HMGP Drainage	\$ 202,590
General Fund	CDBG Infrastructure	16,034
Police Federal Seizure	General Fund	2,000
CDBG Infrastructure	ARPA Coronavirus Relief	<u>33,314</u>
	Total	<u>\$ 253,938</u>

Interfund transfers for the year ended September 30, 2023, consisted of the following individual amounts:

<u>Fund</u>	<u>General Fund</u>	<u>Utility Fund</u>	<u>ARPA</u>			<u>Totals</u>
			<u>Coronavirus Relief Fund</u>	<u>Capital Projects</u>	<u>Other Funds</u>	
Transfer In/(Out)	\$ 951,271	\$ (650,000)	\$	\$	\$ (301,271)	\$ -
Transfer In/(Out)		907,323		(375,033)	(532,290)	-
Transfer In/(Out)			(197,402)		197,402	-
Totals Transfers In/(Out)	<u>\$ 951,271</u>	<u>\$ 257,323</u>	<u>\$ (197,402)</u>	<u>\$ (375,033)</u>	<u>\$ (636,159)</u>	<u>\$ -</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2023, were as follows:

	<u>Property Taxes</u>	<u>Other Taxes</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$ 147,894	\$ 197,376	\$ 7,816	\$ 353,086
Hotel/Motel Fund		20,555		20,555
Debt Service Fund	75,905			75,905
Nonmajor Governmental Funds			42,417	42,417
Total - Governmental Activities	<u>\$ 223,799</u>	<u>\$ 217,931</u>	<u>\$ 50,233</u>	<u>\$ 491,963</u>
	<u>Property Taxes</u>	<u>Other Taxes</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Business-type Activities:				
Utility Fund	\$ -	\$ -	\$ 1,036,355	\$ 1,036,355
Total - Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036,355</u>	<u>\$ 1,036,355</u>

Payables at September 30, 2023, were as follows:

	Accounts Payable	Wages and Salaries Payable	Intergovernmental Payable	Other Payables	Total Payables
Governmental Activities:					
General Fund	\$ 135,989	\$ 95,383	\$ -	\$ 114,235	\$ 345,607
Nonmajor Governmental Funds	34,324			127,207	161,531
Total - Governmental Activities	<u>\$ 170,313</u>	<u>\$ 95,383</u>	<u>\$ -</u>	<u>\$ 241,442</u>	<u>\$ 507,138</u>
Business-type Activities:					
Utility Fund	\$ 82,617	\$ 32,029	\$ 5,998	\$ 193,135	\$ 313,779
Total - Business-Type Activities	<u>\$ 82,617</u>	<u>\$ 32,029</u>	<u>\$ 5,998</u>	<u>\$ 193,135</u>	<u>\$ 313,779</u>

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 370,793	\$ 327,644	\$ -	\$ 698,437
Total Capital Assets Not Being Depreciated	370,793	327,644	-	698,437
Capital Assets Being Depreciated:				
Buildings and Improvements	2,743,629			2,743,629
Furniture and Fixtures	163,332			163,332
Machinery and Equipment	4,207,795	252,943	(352,769)	4,107,969
Infrastructure	26,538,708			26,538,708
Total Capital Assets Being Depreciated	<u>33,653,464</u>	<u>252,943</u>	<u>(352,769)</u>	<u>33,553,638</u>
Right-to-Use Lease Assets:				
Machinery and Equipment	-	167,442		167,442
Total Right-to-Use Lease Assets	<u>-</u>	<u>167,442</u>		<u>167,442</u>
Less Accumulated Depreciation for:				
Capital Assets:				
Buildings and Improvements	(1,365,037)	(100,170)		(1,465,207)
Furniture and Fixtures	(163,332)			(163,332)
Machinery and Equipment	(3,548,299)	(230,443)	332,968	(3,445,774)
Infrastructure	(19,517,573)	(605,457)		(20,123,030)
Total for Capital Assets	<u>(24,594,241)</u>	<u>(936,070)</u>	<u>332,968</u>	<u>(25,197,343)</u>
Right-to-Use Lease Assets:				
Machinery and Equipment	-	(19,535)		(19,535)
Total for Leased Assets	<u>-</u>	<u>(19,535)</u>		<u>(19,535)</u>
Total Accumulated Depreciation	<u>(24,594,241)</u>	<u>(955,605)</u>	<u>332,968</u>	<u>(25,216,878)</u>
Governmental Activities Capital Assets and Right-to-Use Lease Assets, Net	<u>\$ 9,430,016</u>	<u>\$ (207,576)</u>	<u>\$ (19,801)</u>	<u>\$ 9,202,639</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 21,516
Court	11,536
Police	124,507
Street & Drainage	760,173
Parks & Recreation	21,142
Community Development	4,125
Library	<u>12,606</u>
 Total Depreciation Expense	 <u>\$ 955,605</u>

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 53,420	\$ -	\$ -	\$ 53,420
Construction in Progress	<u>-</u>	<u>563,435</u>	<u>-</u>	<u>563,435</u>
Total Capital Assets Not Being Depreciated	53,420	563,435	-	616,855
Capital Assets Being Depreciated				
Buildings and Improvements	207,408			207,408
Machinery and Equipment	2,181,335	170,839	(59,865)	2,292,309
Infrastructure	<u>16,092,675</u>	<u>261,032</u>	<u>-</u>	<u>16,353,707</u>
Total Capital Assets Being Depreciated	<u>18,481,418</u>	<u>431,871</u>	<u>(59,865)</u>	<u>18,853,424</u>
Less Accumulated Depreciation for				
Capital Assets:				
Buildings and Improvements	(21,691)	(5,390)		(27,081)
Machinery and Equipment	(1,259,323)	(208,811)	59,865	(1,408,269)
Infrastructure	<u>(13,492,814)</u>	<u>(400,984)</u>	<u>-</u>	<u>(13,893,798)</u>
Total Accumulated Depreciation	<u>(14,773,828)</u>	<u>(615,185)</u>	<u>59,865</u>	<u>(15,329,148)</u>
Total Capital Assets Being Depreciated, Net	<u>3,707,590</u>	<u>(183,314)</u>	<u>-</u>	<u>3,524,276</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,761,010</u>	<u>\$ 380,121</u>	<u>\$ -</u>	<u>\$ 4,141,131</u>

G. BONDS AND RIGHT-TO-USE LEASE LIABILITIES PAYABLE

General long-term debts consist of general obligation refunding bonds, tax and waterworks and sewer system certificates of obligations and right-to-use lease liabilities. The bond obligations are being paid from the annual property tax receipts, and accordingly are accounted for in the Debt Service Fund.

A summary of the City's long-term debt transactions for the year ended September 30, 2023, are included in the following table:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Certificates of Obligation Series 2012	\$ 965,000	\$	\$ (185,000)	\$ 780,000
Certificates of Obligation Series 2015	2,305,000		(300,000)	2,005,000
Certificates of Obligation Series 2018	1,740,000		(105,000)	1,635,000
Right-to-Use Lease Liabilities	<u>-</u>	<u>167,442</u>	<u>(24,239)</u>	<u>143,203</u>
Total Debt Payable	<u>\$ 5,010,000</u>	<u>\$ 167,442</u>	<u>\$ (614,239)</u>	<u>\$ 4,563,203</u>

On December 1, 2012, the city issued \$2,145,000 in Tax and Waterworks Certificates of Obligation, Series 2012. The proceeds from the 2012 certificates are being used to pay for contractual obligations incurred for the purchase and installation of a new water meter system and to pay issuance costs related to the certificates.

On July 2, 2015 the City issued \$3,485,000 in Tax and Waterworks Certificates of Obligation, Series 2015. The proceeds from the 2015 certificates are being used for contractual obligations and improvements to City buildings, public works, parks and utility systems.

On July 24, 2018 the City issued \$1,965,000 in Tax and Waterworks Certificates of Obligation, Series 2018. The proceeds from the 2018 certificates are being used for improvements to the City's wastewater treatment plant and automatic meter reading system.

Long-term debts are comprised of the following individual issues at September 30, 2023:

Description	Interest Rates	Date Issued	Series Matures	Outstanding
Tax and Waterworks Certificates of Obligation, Series 2012	2.0-3.0%	2012	2027	\$ 780,000
Tax and Waterworks Certificates of Obligation, Series 2015	2.0-4.0%	2015	2029	2,005,000
Tax and Waterworks Certificates of Obligation, Series 2018	3.0-5.0%	2018	2030	<u>1,635,000</u>
				<u>\$ 4,420,000</u>

Annual debt service requirements to maturity for the general obligation refunding bonds and tax and waterworks and sewer system certificates of obligation outstanding at September 30, 2023 are as follows:

Year Ending September 30,	Tax and Waterworks Certificates of Obligation Series 2012	Tax and Waterworks Certificates of Obligation Series 2015	Tax and Waterworks Certificates of Obligation Series 2018	Annual Debt Service
2024	\$ 206,193	\$ 379,000	\$ 201,350	\$ 786,543
2025	207,393	379,850	217,600	804,843
2026	203,492	380,400	228,250	812,142
2027	204,300	382,400	235,250	821,950
2028	-	383,800	416,500	800,300
Thereafter	-	379,600	712,500	1,092,100
Total	\$ 821,378	\$ 2,285,050	\$ 2,011,450	\$ 5,117,878

The tax and waterworks and sewer system certificates of obligation series 2012, 2015 and 2018 include interest amounts of \$41,378, \$280,050, and \$376,450, respectively.

A summary of Right-to-Use Lease Agreements for the year ended September 30, 2023, is as follows:

Description	Discount Rate	Original Lease Liability	Interest Current Year	Principal Balance 10/1/22	New Lease Agreement	Principal Paid This Year	Principal Outstanding 9/30/23
Governmental Activities:							
2023 Ford Expedition XL - 26BWF6	8.223%	55,814	2,868	-	55,814	(8,080)	47,734
2023 Ford Expedition XL - 26BWFG	8.223%	55,814	2,868	-	55,814	(8,080)	47,734
2023 Ford Expedition XL - 26BWFN	8.223%	55,814	2,868	-	55,814	(8,080)	47,734
Total Governmental Activities Right-to-Use Lease Liabilities			8,604	-	167,442	(24,239)	143,203
Total Right-to-Use Lease Liabilities			\$ 8,604	\$ -	\$ 167,442	\$ (24,239)	\$ 143,203

During the year ended September 30, 2023, the City entered into lease agreements with Enterprise Fleet for three police vehicles.

Annual debt-service requirements to maturity for the right-to-use lease liabilities is as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2024	\$ 38,934	\$ 10,330	\$ 49,264
2025	42,259	7,005	49,264
2026	45,868	3,396	49,264
2027	16,144	278	16,421
2028	-	-	-
Total	\$ 143,203	\$ 21,009	\$ 164,212

H. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement of certain employees, the City pays up to 500 hours of accrued sick leave and all vacation leave in a lump cash payment to such employee. A summary of changes in the accumulated sick leave and vacation leave liability follows:

	Sick Leave	Vacation Leave
Balance September 30, 2022	\$ 875,588	\$ 226,552
Additions - New Entrants and Salary Increments	47,414	124,739
Deductions - Payments to Participants	<u>(90,055)</u>	<u>(163,825)</u>
Balance September 30, 2023	<u>\$ 832,947</u>	<u>\$ 187,466</u>

I. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Bridge City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the 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 is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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, and the city-financed monetary credits with interest. 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.

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>57</u>
	144

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member’s total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry

Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Bridge City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.99% and 17.29% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$634,200, and were equal to the required contributions.

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

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 tables used for males and the General Employee table used for females. Mortality rates for health retirees and beneficiaries were 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 health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four 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 Rates (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 real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 25,637,242	\$ 23,166,912	\$ 2,470,330
Changes for the Year:			
Service Cost	639,092	-	639,092
Interest	1,706,445	-	1,706,445
Change of benefit terms	-	-	-
Difference between expected and actual experience	776,743	-	776,743
Changes of assumptions	-	-	-
Contributions - employer	-	541,214	(541,214)
Contributions - employee	-	270,802	(270,802)
Net investment income	-	(1,691,026)	1,691,026
Benefit payments, including refunds of employee contributor	(1,352,230)	(1,352,230)	-
Administrative expense	-	(14,634)	14,634
Other changes	-	17,462	(17,462)
Net changes	<u>1,770,050</u>	<u>(2,228,412)</u>	<u>3,998,462</u>
Balance at 12/31/22	<u>\$ 27,407,292</u>	<u>\$ 20,938,500</u>	<u>\$ 6,468,792</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%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 10,149,842	\$ 6,468,792	\$ 3,451,651

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.

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 \$1,646,676.

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 expected and actual economic experience	\$ 1,323,677	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,468,807	-
Contributions subsequent of the measurement date	<u>476,446</u>	<u>-</u>
Total	<u>\$ 3,268,930</u>	<u>\$ -</u>

\$476,446 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:

2023	\$ 909,697
2024	778,377
2025	453,453
2026	650,957
2027	-
Thereafter	-
	<u>\$ 2,792,484</u>

J. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description Texas Municipal Retirement System (“TMRS”) administers an optional death benefit plan, the Supplemental Death Benefits Fund (“SDBF”), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The death benefit for active Members provides a lump-sum payment approximately equal to the Member’s annual salary (calculated based on the Member’s annual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

Employees covered by benefit terms.

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

Inactive employees currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>57</u>
	105

Actuarial Assumptions The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.5% 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 female, 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.

Discount Rate A discount rate of 4.05% was used to measure the total OPEB liability. There was a change of 1.55 percent in the discount rate since the previous year. In accordance with paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher.

Changes in Total OPEB Liability

Balance at 12/31/2021	\$	315,392
Changes for the Year:		
Service cost		10,058
Interest on total OPEB liability		5,846
Changes of benefit terms		-
Difference between expected and actual experience		689
Changes in assumptions or other inputs		(103,427)
Benefit payments		(5,416)
Net changes		(92,250)
Balance at 12/31/2022	\$	<u>223,142</u>

Discount Rate Sensitivity Analysis The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 262,992	\$ 223,142	\$ 191,798

For the year ended September 30, 2023, the City recognized OPEB expense of \$4,917.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (1,132)	\$ -
Changes in assumptions and other inputs	(53,746)	-
Contributions made subsequent to measurement date	-	15,983
Total as of fiscal year-end	\$ (54,878)	\$ 15,983

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB's will be recognized in OPEB expense as follows:

	Net deferred outflows (inflows) of resources
2023	\$ (7,395)
2024	(15,259)
2025	(21,838)
2026	(10,386)
2027	-
Thereafter	-
Total	\$ (54,878)

K. HEALTH CARE COVERAGE

The City provides all full-time and regular part-time employees with group health, dental, life, accidental death and dismemberment benefits. The City pays a portion of dependent health coverage. In addition, the City offers dependent dental coverage at the employee's expense.

The City's current healthcare policy is with United Healthcare Insurance Company. After the \$2,000 deductible is met, the policy pays in-network at 100% and out-of-network at 70% with an unlimited lifetime maximum.

L. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Certificates of Obligation	\$ 5,010,000	\$ -	\$ (590,000)	\$ 4,420,000	\$ 620,000
Total Bonds and Notes Payable	5,010,000	-	(590,000)	4,420,000	620,000
Other Liabilities					
Net Pension Liability	1,955,831	3,802,063	(663,639)	5,094,255	-
Net OPEB Liability	249,705	13,067	(87,045)	175,727	-
Right-to-Use Lease Liabilities	-	167,442	(24,239)	143,203	38,934
Compensated Absences	206,965	114,879	(146,462)	175,382	175,382
Total Other Liabilities	2,234,506	4,097,451	(921,385)	5,588,567	214,316
Total Governmental Activities	\$ 8,319,506	\$ 4,097,451	\$ (1,511,385)	\$ 10,008,567	\$ 834,316
Long-term Liabilities					
Business-type Activities					
Net Pension Liability	\$ 514,499	\$ 1,025,877	\$ (165,839)	\$ 1,374,537	\$ -
Net OPEB Liability	65,687	3,526	(21,798)	47,415	-
Compensated Absences	61,689	54,290	(52,258)	63,721	63,721
Total Business-type Activities	\$ 576,165	\$ 1,083,693	\$ (239,895)	\$ 1,485,673	\$ 63,721
Long-term Liabilities					

M. UNEARNED AND UNAVAILABLE REVENUE

Unearned and unavailable revenue at year end consisted of the following:

	General Fund	ARPA - Coronavirus Relief	Debt Service Fund	Total
Unearned Revenue	\$ -	\$ 1,601,397	\$ -	\$ 1,601,397
Unavailable Revenue - Property Taxes	147,894	-	75,905	223,799
Total Deferred Revenue	\$ 147,894	\$ 1,601,397	\$ 75,905	\$ 1,825,196

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Hotel/ Motel	ARPA- Coronavirus Relief	Debt Service Fund	Other Funds	Total
Property Taxes	\$ 1,764,698			\$ 769,678		\$ 2,534,376
Other Taxes	2,728,140	126,398				2,854,538
Penalties and Interest on Taxes	24,058			13,009		37,067
Licenses and Permits	213,381					213,381
Charges for Services	80,981				203,657	284,638
Fines	367,659				10,416	378,075
Investment Earnings	3,605	2,412	3,442	3,303	2,523	15,285
Other	93,667				54,887	148,554
Total	\$ 5,276,189	\$ 128,810	\$ 3,442	\$ 785,990	\$ 271,483	\$ 6,465,914

O. LITIGATION

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the City. In the opinion of legal counsel, all such matters would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably. Therefore, no provision for any potential loss or legal expenses has been recorded in the accompanying financial statements. The City participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit adjustments by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at September 30, 2023 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

P. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

There were no joint venture-shared service arrangements for the City of Bridge City for the fiscal year ended September 30, 2023.

Q. RELATED ORGANIZATIONS

There are no “related organizations” of the City as defined by *Governmental Accounting Standards Board Statement No. 14*.

R. TEXAS WATER DEVELOPMENT BOARD PRINCIPAL FORGIVENESS AGREEMENT

On February 1, 2019, the Texas Water Development Board (TWDB) approved from the Drinking Water State Revolving Fund (DWSRF) \$500,000 for the City’s Project No. 62815 (Flushing Valves). This loan is 100 percent forgivable. The \$500,000 was deposited into an escrow account controlled by the Texas Water Development Board. Money is transferred from the escrow account to the City’s account as project milestones are achieved and approved by the Texas Water Development Board. The unspent escrow account of \$52,436 is shown as unearned revenue at September 30, 2023.

Project activity for the year ended September 30, 2023, is shown below:

	<u>Flushing Valves</u>	<u>Total</u>
Escrow balance 10/1/22	\$ 52,436	\$ 52,436
TWDB deposit to escrow account	-	-
Project milestones transferred to the City	-	-
Escrow balance 9/30/23	<u>\$ 52,436</u>	<u>\$ 52,436</u>

S. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through January 23, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRIDGE CITY
SCHEDULE 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
	Original	Final	Amounts (GAAP BASIS)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,808,756	\$ 1,799,254	\$ 1,764,698	\$ (34,556)
General Sales and Use Taxes	2,312,237	2,312,237	2,251,837	(60,400)
Franchise Tax	430,000	430,000	432,947	2,947
Other Taxes	42,000	42,000	43,356	1,356
Penalty and Interest on Taxes	30,350	30,350	24,058	(6,292)
Licenses and Permits	116,600	116,600	213,381	96,781
Intergovernmental Revenue and Grants	-	-	78,859	78,859
Charges for Services	68,300	68,300	80,981	12,681
Fines and Forfeitures	350,000	350,000	367,659	17,659
Investment Earnings	3,000	3,000	3,605	605
Contributions & Donations from Private Sources	-	-	8	8
Other Revenue	59,000	75,607	93,659	18,052
Total Revenues	5,220,243	5,227,348	5,355,048	127,700
EXPENDITURES:				
Current:				
General Government:				
Court	190,781	182,981	182,576	405
Administration	1,084,305	1,005,072	1,009,265	(4,193)
Public Safety:				
Police	2,865,625	2,697,397	2,895,764	(198,367)
Public Works:				
Streets and Drainage	1,122,191	1,554,151	1,363,962	190,189
Culture and Recreation:				
Parks and Recreation	130,719	102,819	101,986	833
Library	264,084	305,465	305,648	(183)
Community Development	204,036	190,486	186,948	3,538
Total Expenditures	5,861,741	6,038,371	6,046,149	(7,778)
Excess (Deficiency) of Revenues Over Expenditures	(641,498)	(811,023)	(691,101)	119,922
OTHER FINANCING SOURCES (USES):				
Proceeds from Right-to-Use Leases	-	-	167,442	167,442
Transfers In	651,000	651,000	951,271	300,271
Total Other Financing Sources (Uses)	651,000	651,000	1,118,713	467,713
Net Change	9,502	(160,023)	427,612	587,635
Fund Balance - October 1 (Beginning)	1,527,259	1,527,259	1,527,259	-
Fund Balance - September 30 (Ending)	\$ 1,536,761	\$ 1,367,236	\$ 1,954,871	\$ 587,635

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 639,092	\$ 606,751	\$ 654,000
Interest (on the Total Pension Liability)	1,706,445	1,503,971	1,443,231
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	776,743	2,053,375	(195,719)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,352,230)	(1,009,049)	(947,024)
Net Change in Total Pension Liability	\$ 1,770,050	\$ 3,155,048	\$ 954,488
Total Pension Liability - Beginning	25,637,242	22,482,194	21,527,706
Total Pension Liability - Ending	\$ 27,407,292	\$ 25,637,242	\$ 22,482,194
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 541,214	\$ 583,037	\$ 588,639
Contributions - Employee	270,802	282,447	272,338
Net Investment Income	(1,691,026)	2,690,002	1,462,395
Benefit Payments, Including Refunds of Employee Contributions	(1,352,230)	(1,009,049)	(947,024)
Administrative Expense	(14,634)	(12,446)	(9,463)
Other	17,462	87	(369)
Net Change in Plan Fiduciary Net Position	\$ (2,228,412)	\$ 2,534,078	\$ 1,366,516
Plan Fiduciary Net Position - Beginning	23,166,912	20,632,834	19,266,318
Plan Fiduciary Net Position - Ending	\$ 20,938,500	\$ 23,166,912	\$ 20,632,834
C. Net Pension Liability	\$ 6,468,792	\$ 2,470,330	\$ 1,849,360
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.40%	90.36%	91.77%
E. Covered Payroll	\$ 3,868,895	\$ 3,637,596	\$ 3,890,539
F. Net Pension Liability as a Percentage of Covered Payroll	167.20%	67.91%	47.53%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 566,777	\$ 561,052	\$ 554,604	\$ 517,357	\$ 513,228	\$ 470,296
1,401,064	1,330,588	1,276,316	1,200,367	1,163,232	1,152,556
-	-	-	-	-	-
(531,550)	18,853	(150,021)	120,544	25,453	(857,372)
33,815	-	-	-	155,166	-
(831,026)	(907,518)	(852,675)	(610,750)	(776,315)	(492,558)
\$ 639,080	\$ 1,002,975	\$ 828,224	\$ 1,227,518	\$ 1,080,764	\$ 272,922
20,888,626	19,885,651	19,057,427	17,829,909	16,749,145	16,476,223
\$ 21,527,706	\$ 20,888,626	\$ 19,885,651	\$ 19,057,427	\$ 17,829,909	\$ 16,749,145
\$ 522,713	\$ 522,487	\$ 515,330	\$ 469,150	\$ 507,043	\$ 482,088
242,806	238,891	239,053	220,554	216,421	212,106
2,590,507	(522,287)	2,135,830	971,368	21,273	769,640
(831,026)	(907,518)	(852,675)	(610,750)	(776,315)	(492,558)
(14,638)	(10,094)	(11,068)	(10,969)	(12,957)	(8,035)
(440)	(528)	(561)	(591)	(639)	(661)
\$ 2,509,922	\$ (679,049)	\$ 2,025,909	\$ 1,038,762	\$ (45,174)	\$ 962,580
16,756,396	17,435,445	15,409,536	14,370,774	14,415,948	13,453,368
\$ 19,266,318	\$ 16,756,396	\$ 17,435,445	\$ 15,409,536	\$ 14,370,774	\$ 14,415,948
\$ 2,261,388	\$ 4,132,230	\$ 2,450,206	\$ 3,647,891	\$ 3,459,135	\$ 2,333,197
89.50%	80.22%	87.68%	80.86%	80.60%	86.07%
\$ 3,468,650	\$ 3,412,725	\$ 3,415,048	\$ 3,150,776	\$ 3,091,735	\$ 3,030,092
65.20%	121.08%	71.75%	115.78%	111.88%	77.00%

CITY OF BRIDGE CITY
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 634,200	\$ 533,077	\$ 545,974
Contributions in Relation to the Actuarially Determined Contributions	634,200	533,077	545,974
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,883,238	\$ 3,754,625	\$ 3,672,720
Contributions as a Percentage of Covered Payroll	16.33%	14.20%	14.87%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	2020	2019	2018	2017	2016	2015
\$	576,701	\$ 521,011	\$ 492,973	\$ 512,513	\$ 470,128	\$ 509,129
	576,701	521,011	492,973	512,513	470,128	509,129
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	3,815,498	\$ 3,442,188	\$ 3,230,938	\$ 3,406,404	\$ 3,087,050	\$ 3,126,182
	15.11%	15.14%	15.26%	15.04%	15.23%	16.00%

CITY OF BRIDGE CITY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 10,058	\$ 8,003	\$ 8,170
Interest on the Total OPEB Liability	5,846	5,952	6,814
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	689	972	141
Changes of Assumptions	(103,427)	9,238	38,312
Benefit Payments*	(5,416)	(4,729)	(2,334)
Net Change in Total OPEB Liability	(92,250)	19,436	51,103
Total OPEB Liability - Beginning	315,392	295,956	244,853
Total OPEB Liability - Ending	\$ 223,142	\$ 315,392	\$ 295,956
Covered Payroll	\$ 3,868,598	\$ 3,637,596	\$ 3,890,539
Total OPEB Liability as a Percentage of Covered Payroll	5.77%	8.67%	7.61%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
\$	5,203	\$ 5,802	\$ 5,123
	7,759	7,461	7,473
	-	-	-
	(11,397)	(13,392)	-
	37,798	(13,794)	16,652
	(2,081)	(2,018)	(1,708)
	<u>37,282</u>	<u>(15,971)</u>	<u>27,540</u>
	<u>207,571</u>	<u>223,452</u>	<u>196,002</u>
\$	<u>244,853</u>	\$ <u>207,481</u>	\$ <u>251,082</u>
\$	3,468,650	\$ 3,412,725	\$ 3,415,048
	7.06%	6.08%	6.55%

COMBINING FUND STATEMENTS

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

	Municipal Court Security	Street Maintenance	Child Safety	Gambling Forfeiture
ASSETS				
Cash and Cash Equivalents	\$ 73,424	\$ 222,451	\$ 33,515	\$ 26,531
Other Receivables	-	42,417	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 73,424</u>	<u>\$ 264,868</u>	<u>\$ 33,515</u>	<u>\$ 26,531</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 412	\$ 5,724	\$ -
Due to Other Funds	-	-	-	-
Other Current Liabilities	-	-	-	20,484
Total Liabilities	<u>-</u>	<u>412</u>	<u>5,724</u>	<u>20,484</u>
FUND BALANCES				
Restricted Fund Balance:				
Capital Projects	-	-	-	-
Other Restricted Fund Balance	73,424	264,456	27,791	6,047
Total Fund Balances	<u>73,424</u>	<u>264,456</u>	<u>27,791</u>	<u>6,047</u>
Total Liabilities and Fund Balances	<u>\$ 73,424</u>	<u>\$ 264,868</u>	<u>\$ 33,515</u>	<u>\$ 26,531</u>

EXHIBITH-1 (Cont'd)

Municipal Court Technology	CDBG Infrastructure Grant	HMGP Drainage Grant	HMGP Winter Weather	Police Federal Seizure	Park Construction	Thwarting	Police State Seizure
\$ 34,342	\$ 16,035	\$ 202,590	\$ 1	\$ 7,291	\$ 432	\$ 28,313	\$ 21,848
-	-	-	-	-	-	-	-
-	46,006	-	-	-	-	-	-
-	33,314	-	-	2,000	-	-	-
<u>\$ 34,342</u>	<u>\$ 95,355</u>	<u>\$ 202,590</u>	<u>\$ 1</u>	<u>\$ 9,291</u>	<u>\$ 432</u>	<u>\$ 28,313</u>	<u>\$ 21,848</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	16,034	202,590	-	-	-	-	-
-	79,321	-	-	-	-	852	-
<u>-</u>	<u>95,355</u>	<u>202,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852</u>	<u>-</u>
-	-	-	-	-	-	-	-
34,342	-	-	1	9,291	432	27,461	21,848
<u>34,342</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>9,291</u>	<u>432</u>	<u>27,461</u>	<u>21,848</u>
<u>\$ 34,342</u>	<u>\$ 95,355</u>	<u>\$ 202,590</u>	<u>\$ 1</u>	<u>\$ 9,291</u>	<u>\$ 432</u>	<u>\$ 28,313</u>	<u>\$ 21,848</u>

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

	Opioid Abatement	Municipal Jury	CDBG Acquisitions Grant	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and Cash Equivalents	\$ 25,381	\$ 545	\$ 28,188	\$ 720,887
Other Receivables	-	-	-	42,417
Due from Other Governments	-	-	26,550	72,556
Due from Other Funds	-	-	-	35,314
Total Assets	<u>\$ 25,381</u>	<u>\$ 545</u>	<u>\$ 54,738</u>	<u>\$ 871,174</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 28,188	\$ 34,324
Due to Other Funds	-	-	-	218,624
Other Current Liabilities	-	-	26,550	127,207
Total Liabilities	<u>-</u>	<u>-</u>	<u>54,738</u>	<u>380,155</u>
FUND BALANCES				
Restricted Fund Balance:				
Capital Projects	-	-	-	-
Other Restricted Fund Balance	25,381	545	-	491,019
Total Fund Balances	<u>25,381</u>	<u>545</u>	<u>-</u>	<u>491,019</u>
Total Liabilities and Fund Balances	<u>\$ 25,381</u>	<u>\$ 545</u>	<u>\$ 54,738</u>	<u>\$ 871,174</u>

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 660,435	\$ 1,381,322
-	42,417
-	72,556
-	35,314
<u>\$ 660,435</u>	<u>\$ 1,531,609</u>
\$ -	\$ 34,324
-	218,624
-	127,207
<u>-</u>	<u>380,155</u>
660,435	660,435
-	491,019
<u>660,435</u>	<u>1,151,454</u>
<u>\$ 660,435</u>	<u>\$ 1,531,609</u>

CITY OF BRIDGE CITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Municipal Court Security	Street Maintenance	Child Safety	Gambling Forfeiture
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ -
Charges for Services	13,631	190,026	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	138	398	67	53
Other Revenue	-	-	1,155	-
Total Revenues	<u>13,769</u>	<u>190,424</u>	<u>1,222</u>	<u>53</u>
EXPENDITURES:				
Current:				
General Government:				
Court	15,850	-	-	-
Administration	-	-	-	-
Public Safety:				
Police	-	-	5,724	-
Public Works:				
Streets and Drainage	-	98,958	-	-
Community Development	-	-	-	-
Total Expenditures	<u>15,850</u>	<u>98,958</u>	<u>5,724</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,081)</u>	<u>91,466</u>	<u>(4,502)</u>	<u>53</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,081)	91,466	(4,502)	53
Fund Balance - October 1 (Beginning)	<u>75,505</u>	<u>172,990</u>	<u>32,293</u>	<u>5,994</u>
Fund Balance - September 30 (Ending)	<u>\$ 73,424</u>	<u>\$ 264,456</u>	<u>\$ 27,791</u>	<u>\$ 6,047</u>

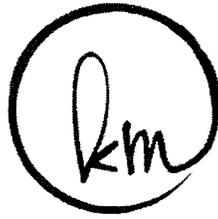
Municipal Court Technology	CDBG Infrastructure Grant	HMGP Drainage Grant	HMGP Winter Weather	Police Federal Seizure	Park Construction	Thwarting	Police State Seizure
\$ -	\$ 399,492	\$ 279,440	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,416	-
66	-	-	-	16	1	45	44
26,207	-	-	-	2,000	-	-	-
<u>26,273</u>	<u>399,492</u>	<u>279,440</u>	<u>-</u>	<u>2,016</u>	<u>1</u>	<u>10,461</u>	<u>44</u>
37,400	-	-	-	-	-	1,994	-
-	42,808	-	-	-	-	-	-
-	-	-	-	750	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>37,400</u>	<u>42,808</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>-</u>	<u>1,994</u>	<u>-</u>
<u>(11,127)</u>	<u>356,684</u>	<u>279,440</u>	<u>-</u>	<u>1,266</u>	<u>1</u>	<u>8,467</u>	<u>44</u>
-	197,402	-	-	-	-	-	-
-	(554,121)	(279,440)	-	-	-	-	-
-	(356,719)	(279,440)	-	-	-	-	-
(11,127)	(35)	-	-	1,266	1	8,467	44
45,469	35	-	1	8,025	431	18,994	21,804
<u>\$ 34,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 9,291</u>	<u>\$ 432</u>	<u>\$ 27,461</u>	<u>\$ 21,848</u>

CITY OF BRIDGE CITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Opioid Abatement	Municipal Jury	CDBG Acquisitions Grant	Total Nonmajor Special Revenue Funds
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 397,532	\$ 1,076,464
Charges for Services	-	-	-	203,657
Fines and Forfeitures	-	-	-	10,416
Investment Earnings	30	1	-	859
Other Revenue	25,351	174	-	54,887
Total Revenues	<u>25,381</u>	<u>175</u>	<u>397,532</u>	<u>1,346,283</u>
EXPENDITURES:				
Current:				
General Government:				
Court	-	-	-	55,244
Administration	-	-	-	42,808
Police	-	-	-	6,474
Public Works:				
Streets and Drainage	-	-	-	98,958
Community Development	-	-	397,532	397,532
Total Expenditures	<u>-</u>	<u>-</u>	<u>397,532</u>	<u>601,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,381</u>	<u>175</u>	<u>-</u>	<u>745,267</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	197,402
Transfers Out	-	-	-	(833,561)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(636,159)</u>
Net Change in Fund Balance	25,381	175	-	109,108
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>370</u>	<u>-</u>	<u>381,911</u>
Fund Balance - September 30 (Ending)	<u>\$ 25,381</u>	<u>\$ 545</u>	<u>\$ -</u>	<u>\$ 491,019</u>

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,076,464
-	203,657
-	10,416
1,664	2,523
-	54,887
<u>1,664</u>	<u>1,347,947</u>
-	55,244
-	42,808
-	6,474
-	98,958
-	<u>397,532</u>
-	<u>601,016</u>
<u>1,664</u>	<u>746,931</u>
-	197,402
<u>(375,033)</u>	<u>(1,208,594)</u>
<u>(375,033)</u>	<u>(1,011,192)</u>
(373,369)	(264,261)
<u>1,033,804</u>	<u>1,415,715</u>
<u>\$ 660,435</u>	<u>\$ 1,151,454</u>

FEDERAL SECTION



keri michutka
CERTIFIED PUBLIC ACCOUNTANT

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*

Mayor and City Council
City of Bridge City, 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, each major fund, and the aggregate remaining fund information of the City of Bridge City, Texas, 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 January 23, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bridge 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 of Bridge City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

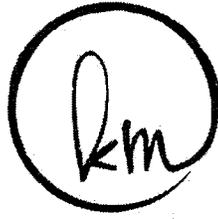
As part of obtaining reasonable assurance about whether the City of Bridge City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to be 'K. L. St.', is written above the typed text.

Bridge City, Texas
January 23, 2024



keri michutka
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Council
City of Bridge City, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Bridge City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bridge City's major federal programs for the year ended September 30, 2023. The City of Bridge City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bridge City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bridge City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bridge City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bridge City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of the City of Bridge City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bridge City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bridge City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Bridge City, Texas
January 23, 2024

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

I. Summary of the Auditor’s Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor’s report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)? | No |
| 7. Identification of major programs | FAL 14.228 CDBG-DR Hurricane Harvey – Acquisitions Grant
FAL 14.228 CDBG-DR Hurricane Harvey - Infrastructure Grant |
| 8. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

II. Findings Related to the Financial Statements

None reported

III. Findings and Questioned Costs Related to Federal Awards

None reported

CITY OF BRIDGE CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

No prior findings.

CITY OF BRIDGE CITY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

No corrective action is necessary for the City during the year ended September 30, 2023.

(Continued)

CITY OF BRIDGE CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through:	Federal Assistance Listing No.	Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
<u>Passed through Texas General Land Office</u>		
CDBG Disaster Recovery Program - Hurricane Harvey - Acquisitions	14.228	\$ 397,532
CDBG Disaster Recovery Program - Hurricane Harvey - Infrastructure	14.228	399,492
CDBG Disaster Recovery Program - Hurricane Harvey - Sewer Yard Lines	14.228	<u>2,500</u>
Subtotal FAL 14.228		<u>799,524</u>
Total Passed through Texas General Land Office		<u>799,524</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		<u>799,524</u>
U.S. DEPARTMENT OF JUSTICE		
<u>Passed through Office of Attorney General - Criminal Justice Division</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>13,420</u>
Total Passed through Office of Attorney General - Criminal Justice Division		<u>13,420</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>13,420</u>
U.S. DEPARTMENT OF TRANSPORTATION		
<u>Passed through Texas Department of Transportation</u>		
State & Community Highway Safety Grant Program	20.600	<u>1,474</u>
Total Passed through Texas Department of Transportation		<u>1,474</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>1,474</u>
U.S. DEPARTMENT OF THE TREASURY		
<u>Passed through Texas Division of Emergency Management</u>		
Covid-19 - Coronavirus Relief Fund	21.027	<u>193,960</u>
Total Passed through Texas Division of Emergency Management		<u>193,960</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY		<u>193,960</u>

U.S. DEPARTMENT OF HOMELAND SECURITY

Passed through Texas Division of Emergency Management

Disaster Grant - Public Assistance - Winter Freeze Uri	97.036	1,041
Disaster Grant - Public Assistance - Hurricane Harvey	97.036	<u>27,218</u>
Subtotal FAL 97.039		28,259
Hazard Mitigation Grant - Drainage	97.039	<u>279,440</u>
Total Passed through Texas Division of Emergency Management		<u>307,699</u>

TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY

307,699

TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 1,316,077

CITY OF BRIDGE CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

1. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus called the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities and fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Usually, Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When Federal grant funds are received before related expenditures are made, they are recorded as deferred revenues.

2. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.