

CITY OF LAGO VISTA, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



**CITY OF LAGO VISTA, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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## FINANCIAL SECTION

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of the City Council of  
City of Lago Vista, 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 City of Lago Vista, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

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

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

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

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

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

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

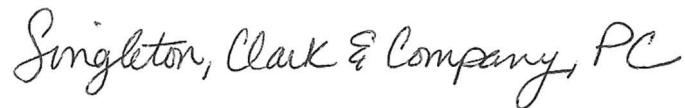
### ***Other Information***

Management is responsible for the other information included in the annual report. 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 12, 2024 on our consideration of City of Lago Vista, Texas'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 City of Lago Vista, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lago Vista, Texas's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style with "Singleton" on the first line, "Clark &" on the second line, and "Company, PC" on the third line.

Singleton, Clark & Company, PC  
Cedar Park, Texas

January 12, 2024

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

## **Management's Discussion and Analysis**

The Management's Discussion and Analysis section of the City of Lago Vista, Texas's (hereafter the "City") Annual Financial Report offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. Please read it in conjunction with the independent auditor's report beginning on page 1 of this report and the City's basic financial statements which follow this section.

### **Financial Highlights**

- The City's net position for governmental activities increased by \$3,812,424 to end at \$10,954,455.
- The City's fund balance in the General Fund increased by \$2,431,293 to end at \$9,444,859 largely due to revenues exceeding budgeted amounts and expenditures coming in below budgeted amounts.
- The City's net position in the Utility Fund increased by \$3,300,886 to end at \$71,414,613.

### **Overview of the Financial Statements**

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and the notes to financial statements. This report also includes required supplementary information intended to furnish additional detail to support 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 financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between assets and liabilities 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.

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

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, sanitation, and culture and recreation, and economic development. The business-type activities of the City include aviation, golf, and utilities.

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds as applicable.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 four 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 balance for the General Fund, the Hotel Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Capital Projects Fund, Aviation Fund, Golf Course Fund, and Utility Fund. Budgetary comparison statements have been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

**Proprietary Funds.** The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its aviation, golf, and utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a city's functions. The City is not currently utilizing an internal service fund. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the aviation, golf, and utility funds, all of which are considered to be major funds of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are then provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Currently, the City does not maintain any fiduciary funds.

**Basis of Reporting.** The government-wide statements and the fund-level proprietary statements are reported using the full accrual basis of accounting. The governmental funds are reported using the modified accrual basis of accounting.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 60 of this report.

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

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$86,548,172 at the close of the most recent fiscal year.

**Condensed Statement of Net Position**  
**As of September 30**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 16,180,769	\$ 13,888,822	\$ 24,408,510	\$ 19,661,784	\$ 40,589,279	\$ 33,550,606
Capital assets	25,593,518	25,660,987	54,296,864	55,648,170	79,890,382	81,309,157
Total assets	41,774,287	39,549,809	78,705,374	75,309,954	120,479,661	114,859,763
Deferred outflows of resources	1,391,080	416,993	720,362	255,576	2,111,442	672,569
Current liabilities	901,076	814,062	2,441,157	2,603,715	3,342,233	3,417,777
Noncurrent liabilities	30,751,782	31,290,458	1,096,842	578,094	31,848,624	31,868,552
Total liabilities	31,652,858	32,104,520	3,537,999	3,181,809	35,190,857	35,286,329
Deferred inflows of resources	558,054	720,251	294,020	441,444	852,074	1,161,695
Net position:						
Net investment in capital assets	(3,318,210)	(4,937,890)	53,978,829	50,718,593	50,660,619	45,780,703
Restricted	5,817,568	4,897,714	6,690,635	7,264,645	12,508,203	12,162,359
Unrestricted	8,455,097	7,182,207	14,924,253	13,959,039	23,379,350	21,141,246
Total net position	<u>\$ 10,954,455</u>	<u>\$ 7,142,031</u>	<u>\$ 75,593,717</u>	<u>\$ 71,942,277</u>	<u>\$ 86,548,172</u>	<u>\$ 79,084,308</u>

By far, the largest portion of the City's net position, 58.8%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, 14.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,379,350 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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

The City's overall net position increased by \$7,463,864 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased by \$3,812,424 from the prior fiscal year for an ending balance of \$10,954,455. The increase in overall net position of governmental activities is primarily due to revenues exceeding budgeted amounts and expenses coming in under budget.

**Condensed Statement of Activities**  
**For the Years Ended September 30**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Program Revenues:</b>						
Charges for services	\$ 3,815,201	\$ 4,172,007	\$12,104,264	\$14,651,777	\$ 15,919,465	\$ 18,823,784
Operating grants & contributions	252,954	209,657	-	-	252,954	209,657
<b>General Revenues:</b>						
Property taxes	9,049,906	7,874,729	-	-	9,049,906	7,874,729
Other taxes	2,019,414	1,873,203	-	-	2,019,414	1,873,203
Grants and contributions not restricted to specific programs	-	22,446	105,765	-	105,765	22,446
Other	472,371	79,099	996,385	151,456	1,468,756	230,555
<b>Total revenue</b>	<b>15,609,846</b>	<b>14,231,141</b>	<b>13,206,414</b>	<b>14,803,233</b>	<b>28,816,260</b>	<b>29,034,374</b>
<b>Expenses:</b>						
General government	4,402,091	2,728,216	-	-	4,402,091	2,728,216
Public safety	3,404,892	2,920,501	-	-	3,404,892	2,920,501
Highways and streets	1,150,468	1,246,199	-	-	1,150,468	1,246,199
Sanitation	1,239,635	1,169,561	-	-	1,239,635	1,169,561
Culture and recreation	970,821	882,842	-	-	970,821	882,842
Economic development and assistance	437,455	434,994	-	-	437,455	434,994
Interest and bank fees	988,514	1,039,721	-	-	988,514	1,039,721
Aviation	-	-	329,206	490,159	329,206	490,159
Golf Course	-	-	1,355,445	1,051,118	1,355,445	1,051,118
Utility	-	-	6,968,104	9,453,053	6,968,104	9,453,053
<b>Total expenses</b>	<b>12,593,876</b>	<b>10,422,034</b>	<b>8,652,755</b>	<b>10,994,330</b>	<b>21,246,631</b>	<b>21,416,364</b>
<b>Increase (decrease) in net position before transfers</b>	<b>3,015,970</b>	<b>3,809,107</b>	<b>4,553,659</b>	<b>3,808,903</b>	<b>7,569,629</b>	<b>7,618,010</b>
<b>Transfers</b>	<b>796,454</b>	<b>(3,460,779)</b>	<b>(902,219)</b>	<b>3,460,779</b>	<b>(105,765)</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>3,812,424</b>	<b>348,328</b>	<b>3,651,440</b>	<b>7,269,682</b>	<b>7,463,864</b>	<b>7,618,010</b>
<b>Net position - beginning</b>	<b>7,142,031</b>	<b>6,793,703</b>	<b>71,942,277</b>	<b>64,672,595</b>	<b>79,084,308</b>	<b>71,466,298</b>
<b>Net position - ending</b>	<b>\$ 10,954,455</b>	<b>\$ 7,142,031</b>	<b>\$75,593,717</b>	<b>\$71,942,277</b>	<b>\$ 86,548,172</b>	<b>\$ 79,084,308</b>

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

**Business-type Activities.** For the City of Lago Vista, Texas's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$75,593,717. The total increase in net position for business-type activities (Aviation, Golf, and Utility funds) was \$3,651,440 or approximately 5% from the prior fiscal year.

### **Financial Analysis of Governmental Funds**

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 a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2023, the City's governmental funds reported combined fund balances of \$14,967,231, an increase of \$2,336,031 in comparison with the prior year. Approximately 62% of this amount, \$9,280,067, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance, \$5,687,164, is *restricted* to indicate that it is restricted for particular purposes.

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 \$9,280,067, while total fund balance increased to \$9,444,859. 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 general fund expenditures. Unassigned fund balance represents approximately 82% of total general fund expenditures, while total fund balance represents approximately 83% of that same amount.

The fund balance of the City's General Fund increased by \$2,431,293 during the current fiscal year. The increase in fund balance was primarily due to revenues exceeding budgeted amounts, and lower than budgeted expenditures, specifically in general government and capital outlay.

The Hotel Fund, a major fund, had a \$118,089 increase in fund balance to end at \$1,044,925. This fund uses hotel taxes to promote local economic development.

The Debt Service Fund, a major governmental fund, had an increase in fund balance during the current year of \$125,902 to bring the year end fund balance to \$585,610. This increase was due to revenues being slightly higher than anticipated revenues. This fund uses the City's interest and sinking tax levy to service its existing debt.

The Capital Projects Fund, the remaining major fund, had a \$339,253 decrease in fund balance during the current fiscal year which put the overall fund balance at \$3,891,837.

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

**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 Aviation Fund was \$153,978, the Golf Fund was \$250,191, and the Utility Fund was \$14,520,084 at the end of the year. The change in net position for these three funds was \$386,515, (\$35,961), and \$3,300,886, respectively.

The Aviation Fund had a \$386,515 increase in net position during the current fiscal year, which put the total net position at \$1,876,942. The Golf Course Fund had a decrease of \$35,961 to put the overall ending net position for the year at \$2,302,162. The City strives for its proprietary funds to break even; however, the City did transfer \$800,000 to the Golf Course Fund during the year.

The Utility Fund had a \$3,300,886 increase in net position during the current fiscal year, which put the total ending net position at \$71,414,613. The City's Utility Fund ended the year with an unrestricted net position amount of \$14,520,084 which represents about 47.9% of the fund's operating expenses for the year ended. Additionally, the Utility Fund has a restricted net position balance of \$6,690,635 related to future water and wastewater systems obligations.

### **General Fund Budgetary Highlights**

***Original budget compared to final budget.*** During the year there were significant budget amendments made to general government, public safety, culture and recreation and capital outlay projected expenditures.

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

**Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$79,890,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant.

**Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities	Governmental Activities	
	2023	2022	Change
Land	\$ 1,520,409	\$ 1,495,408	\$ 25,001
Buildings and improvements	31,224,622	28,015,955	3,208,667
Furniture and equipment	3,983,940	3,573,298	410,642
Construction in progress	-	2,651,136	(2,651,136)
<b>Total</b>	<b>36,728,971</b>	<b>35,735,797</b>	<b>993,174</b>
Less accumulated depreciation	(11,135,453)	(10,074,810)	(1,060,643)
<b>Capital assets, net of depreciation</b>	<b>\$ 25,593,518</b>	<b>\$ 25,660,987</b>	<b>\$ (67,469)</b>

	Business-Type Activities	Business-Type Activities	
	2023	2022	Change
Land	\$ 3,251,491	\$ 3,251,491	\$ -
Buildings and improvements	75,335,021	74,847,114	487,907
Furniture and equipment	6,388,572	5,900,970	487,602
Construction in progress	1,083,856	1,001,299	82,557
<b>Total</b>	<b>86,058,940</b>	<b>85,000,874</b>	<b>1,058,066</b>
Less accumulated depreciation	(31,762,076)	(29,352,704)	(2,409,372)
<b>Capital assets, net of depreciation</b>	<b>\$ 54,296,864</b>	<b>\$ 55,648,170</b>	<b>\$ (1,351,306)</b>

Additional information on the City's capital assets can be found in Note III.D on pages 43-44 of this report.

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

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$28,911,728. The remainder of the City long-term obligations comprises pension-related debt, compensated absences and capital leases.

**Outstanding Debt**

	Governmental Activities 2023	Governmental Activities 2022	Change
General obligation bonds	\$ 28,911,728	\$ 30,598,877	\$ (1,687,149)
Compensated absences	639,717	481,346	158,371
Net pension liability/(asset)	1,044,620	(226,712)	1,271,332
Other post-employment benefits	155,717	210,235	(54,518)
<b>Total</b>	<b>\$ 30,751,782</b>	<b>\$ 31,063,746</b>	<b>\$ (311,964)</b>

	Business-Type Activities 2023	Business-Type Activities 2022	Change
Capital leases	\$ 318,037	\$ 278,018	\$ 40,019
Compensated absences	145,230	171,224	(25,994)
Net pension liability/(asset)	538,137	(138,952)	677,089
Other post-employment benefits	95,438	128,853	(33,415)
<b>Total</b>	<b>\$ 1,096,842</b>	<b>\$ 439,143</b>	<b>\$ 657,699</b>

The City's total debt increased by \$345,735 during the current fiscal year. The reason for the increase was due to an increase in capital leases and a significant increase in net pension liability. Additional information on the City's long-term debt can be found in Note III.I on pages 52-54 of this report.

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

The City considered many factors when setting the fiscal year 2023-2024 budget. The City's General Fund budget for fiscal year 2023-2024 includes expenditures of \$14,458,381 which is an approximately \$5.3 million decrease from fiscal year 2022-2023 total adopted expenditures. The city decreased the tax rate for 2023-2024 to \$0.2989 for the General Fund and to \$0.1150 for the Debt Service Fund. The overall total tax rate decreased to \$0.4139 per \$100 valuation.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's business office at the City of Lago Vista, 5803 Thunderbird Drive, P.O. Box 4727, Lago Vista, Texas 78645, or by calling (512) 267-1155, ext. 103.

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF LAGO VISTA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,665	\$ 484,717	\$ 514,382
Investments - current	9,356,271	28,001,287	37,357,558
Taxes receivable - delinquent	378,950	-	378,950
Accounts receivable, net	561,339	1,548,042	2,109,381
Intergovernmental receivable	209,082	-	209,082
Internal balances	5,645,462	(5,645,462)	-
Inventories	-	19,926	19,926
Capital assets, not being depreciated:			
Land	1,520,409	3,251,491	4,771,900
Construction in progress	-	1,083,856	1,083,856
Capital assets, being depreciated:			
Buildings and improvements	-	1,536,130	1,536,130
Machinery, equipment, and vehicles	3,983,940	6,388,572	10,372,512
Other capital assets, depreciable	31,224,622	73,798,891	105,023,513
Accumulated depreciation	(11,135,453)	(31,762,076)	(42,897,529)
Total assets	<u>41,774,287</u>	<u>78,705,374</u>	<u>120,479,661</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources	1,391,080	720,362	2,111,442
Total deferred outflows of resources	<u>1,391,080</u>	<u>720,362</u>	<u>2,111,442</u>
<b>LIABILITIES</b>			
Accounts payable	338,695	164,398	503,093
Accrued salaries and benefits	202,838	64,798	267,636
Intergovernmental payable	8,932	-	8,932
Accrued interest payable	136,488	-	136,488
Unearned revenue	-	1,874,121	1,874,121
Other current liabilities	214,123	3,920	218,043
Customer deposits	-	333,920	333,920
Noncurrent liabilities:			
Due within one year	1,639,000	119,359	1,758,359
Due in more than one year	29,112,782	977,483	30,090,265
Total liabilities	<u>31,652,858</u>	<u>3,537,999</u>	<u>35,190,857</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources	558,054	294,020	852,074
Total deferred inflows of resources	<u>558,054</u>	<u>294,020</u>	<u>852,074</u>
<b>NET POSITION</b>			
Net investment in capital assets	(3,318,210)	53,978,829	50,660,619
Restricted for parks	164,792	-	164,792
Restricted for tourism	1,044,925	-	1,044,925
Restricted for debt service	716,014	-	716,014
Restricted for capital projects/improvements	3,891,837	6,690,635	10,582,472
Unrestricted	8,455,097	14,924,253	23,379,350
Total net position	<u>\$ 10,954,455</u>	<u>\$ 75,593,717</u>	<u>\$ 86,548,172</u>

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

**CITY OF LAGO VISTA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 4,402,091	\$ 3,672	\$ 31,178	
Public safety	3,404,892	2,437,487	-	
Highways and streets	1,150,468	1,377	-	
Sanitation	1,239,635	1,372,665	-	
Culture and recreation	970,821	-	221,776	
Economic development and assistance	437,455	-	-	
Interest and bank fees	988,514	-	-	
Total governmental activities:	<u>12,593,876</u>	<u>3,815,201</u>	<u>252,954</u>	
Business-type activities:				
Aviation Fund	329,206	358,297	-	
Golf Fund	1,355,445	519,484	-	
Utility Fund	6,968,104	11,226,483	-	
Total business-type activities:	<u>8,652,755</u>	<u>12,104,264</u>	<u>-</u>	
Total primary government	<u>\$ 21,246,631</u>	<u>\$ 15,919,465</u>	<u>\$ 252,954</u>	

General revenues:

Property taxes  
Sales taxes  
Hotel/motel taxes  
Franchise taxes  
Contributions and donations  
Investment earnings  
Gain (Loss) on sale of capital assets  
Miscellaneous

Total general revenues  
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning  
Net position - ending

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (4,367,241)	\$ -	\$ (4,367,241)
(967,405)	-	(967,405)
(1,149,091)	-	(1,149,091)
133,030	-	133,030
(749,045)	-	(749,045)
(437,455)	-	(437,455)
(988,514)	-	(988,514)
<b>(8,525,721)</b>	<b>-</b>	<b>(8,525,721)</b>
 - 29,091	 29,091	
- (835,961)	(835,961)	
- 4,258,379	4,258,379	
<b>- 3,451,509</b>	<b>3,451,509</b>	<b>3,451,509</b>
<b>(8,525,721)</b>	<b>3,451,509</b>	<b>(5,074,212)</b>
 9,049,906	 -	 9,049,906
1,201,475	-	1,201,475
213,820	-	213,820
604,119	-	604,119
- 105,765	105,765	
437,455	996,385	1,433,840
(35,024)	-	(35,024)
69,940	-	69,940
<b>11,541,691</b>	<b>1,102,150</b>	<b>12,643,841</b>
<b>796,454</b>	<b>(902,219)</b>	<b>(105,765)</b>
<b>12,338,145</b>	<b>199,931</b>	<b>12,538,076</b>
 3,812,424	 3,651,440	 7,463,864
 7,142,031	 71,942,277	 79,084,308
<b>\$ 10,954,455</b>	<b>\$ 75,593,717</b>	<b>\$ 86,548,172</b>

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## FUND BASIS FINANCIAL STATEMENTS

**CITY OF LAGO VISTA, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

	General Fund	Hotel Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,665	\$ -	\$ -	\$ -	\$ 29,665
Investments - current	6,831,414	989,292	574,573	960,992	9,356,271
Taxes receivable - delinquent	248,546	-	130,404	-	378,950
Accounts receivable, net	421,455	69,884	-	-	491,339
Intergovernmental receivable	209,082	-	-	-	209,082
Due from other funds	3,285,331	-	11,537	2,930,845	6,227,713
<b>Total assets</b>	<b>\$ 11,025,493</b>	<b>\$ 1,059,176</b>	<b>\$ 716,514</b>	<b>\$ 3,891,837</b>	<b>\$ 16,693,020</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 326,195	\$ 12,000	\$ 500	\$ -	\$ 338,695
Accrued payroll	202,838	-	-	-	202,838
Intergovernmental payable	8,932	-	-	-	8,932
Due to other funds	580,000	2,251	-	-	582,251
Other current liabilities	214,123	-	-	-	214,123
<b>Total liabilities</b>	<b>1,332,088</b>	<b>14,251</b>	<b>500</b>	<b>-</b>	<b>1,346,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	248,546	-	130,404	-	378,950
<b>Total deferred inflows of resources</b>	<b>248,546</b>	<b>-</b>	<b>130,404</b>	<b>-</b>	<b>378,950</b>
<b>FUND BALANCES</b>					
Restricted:					
Restricted for parks	164,792	-	-	-	164,792
Restricted for tourism	-	1,044,925	-	-	1,044,925
Restricted for debt service	-	-	585,610	-	585,610
Restricted for capital projects	-	-	-	3,891,837	3,891,837
Unassigned	9,280,067	-	-	-	9,280,067
<b>Total fund balances</b>	<b>9,444,859</b>	<b>1,044,925</b>	<b>585,610</b>	<b>3,891,837</b>	<b>14,967,231</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 11,025,493</b>	<b>\$ 1,059,176</b>	<b>\$ 716,514</b>	<b>\$ 3,891,837</b>	<b>\$ 16,693,020</b>

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

**CITY OF LAGO VISTA, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

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

Total fund balance of all governmental funds	\$ 14,967,231
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,593,518
Warrants outstanding net of allowance are not an available resource and, therefore, are not reported in the funds.	70,000
Other long-term assets, such as uncollected property taxes, are not available to pay for and, therefore, are reported as unavailable revenue in the funds.	378,950
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(29,687,933)
Additional long-term liabilities related to the recognition of the net pension liability and the net OPEB liability are not reported in the funds.	(367,311)
<hr/> <b>Net position of governmental activities</b>	<hr/> <b>\$ 10,954,455</b> <hr/>

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

**CITY OF LAGO VISTA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Hotel Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 6,125,152	\$ -	\$ 2,746,111	\$ -	\$ 8,871,263
Sales taxes	1,201,475	-	-	-	1,201,475
Hotel/motel taxes	-	213,820	-	-	213,820
Franchise taxes	604,119	-	-	-	604,119
Penalties and interest on taxes	71,160	-	18,563	-	89,723
Licenses and permits	2,390,574	-	-	-	2,390,574
Grant revenues	222,776	-	-	-	222,776
Charges for services	1,372,665	-	-	-	1,372,665
Fines	132,492	-	-	-	132,492
Investment earnings	292,377	44,268	43,585	57,225	437,455
Contributions and donations	30,178	-	-	-	30,178
Miscellaneous revenue	69,940	-	-	-	69,940
Total revenues	<u>12,512,908</u>	<u>258,088</u>	<u>2,808,259</u>	<u>57,225</u>	<u>15,636,480</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,651,086	-	-	199,424	3,850,510
Public safety	3,089,405	-	-	-	3,089,405
Highways and streets	1,043,869	-	-	-	1,043,869
Sanitation	1,124,774	-	-	-	1,124,774
Culture and recreation	880,868	-	-	-	880,868
Economic development and assistance	256,923	139,999	-	-	396,922
Debt service:					
Bond principal	-	-	1,585,000	-	1,585,000
Interest - bonds	-	-	1,094,357	-	1,094,357
Interest - other debt	-	-	3,000	-	3,000
Capital outlay	1,294,333	-	-	197,054	1,491,387
Total expenditures	<u>11,341,258</u>	<u>139,999</u>	<u>2,682,357</u>	<u>396,478</u>	<u>14,560,092</u>
Excess (deficiency) of revenues over expenditures	<u>1,171,650</u>	<u>118,089</u>	<u>125,902</u>	<u>(339,253)</u>	<u>1,076,388</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,059,643	-	-	-	2,059,643
Transfers out	(800,000)	-	-	-	(800,000)
Total other financing sources (uses)	<u>1,259,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,259,643</u>
Net change in fund balance	2,431,293	118,089	125,902	(339,253)	2,336,031
Fund balance - beginning	7,013,566	926,836	459,708	4,231,090	12,631,200
Fund balance - ending	<u>\$ 9,444,859</u>	<u>\$ 1,044,925</u>	<u>\$ 585,610</u>	<u>\$ 3,891,837</u>	<u>\$ 14,967,231</u>

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

**CITY OF LAGO VISTA, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Net change in fund balances for total governmental funds	\$ 2,336,031
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	(67,469)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	88,920
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,535,472
The net effect of various transactions involving the net pension liability and/or the net OPEB liability is to decrease net position.	(80,530)
<b>Change in net position for governmental activities</b>	<b><u>\$ 3,812,424</u></b>

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

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

	<b>Budgeted Amounts</b>			<b>Variance With</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>	
<b>REVENUES</b>					
Property taxes	\$ 5,986,935	\$ 5,986,935	\$ 6,125,152	\$ 138,217	
Sales taxes	1,122,608	1,122,608	1,201,475	78,867	
Franchise taxes	619,997	619,997	604,119	(15,878)	
Penalties and interest on taxes	-	-	71,160	71,160	
Licenses and permits	2,724,615	2,724,617	2,390,574	(334,043)	
Intergovernmental revenues	-	-	222,776	222,776	
Charges for services	1,325,986	1,324,757	1,372,665	47,908	
Fines	127,169	127,170	132,492	5,322	
Investment earnings	29,048	29,048	292,377	263,329	
Contributions and donations, private sources	24,692	24,692	30,178	5,486	
Miscellaneous revenue	18,915	20,146	69,940	49,794	
<b>Total revenues</b>	<b>11,979,965</b>	<b>11,979,970</b>	<b>12,512,908</b>	<b>532,938</b>	
<b>EXPENDITURES</b>					
Current:					
General government	5,217,748	5,000,735	3,651,086	1,349,649	
Public safety	3,114,774	3,388,347	3,089,405	298,942	
Highways and streets	1,570,854	1,611,308	1,043,869	567,439	
Sanitation	1,341,738	1,395,738	1,124,774	270,964	
Culture and recreation	778,840	870,555	880,868	(10,313)	
Economic development and assistance	308,823	322,516	256,923	65,593	
Capital outlay	5,516,911	6,464,910	1,294,333	5,170,577	
<b>Total Expenditures</b>	<b>17,849,688</b>	<b>19,054,109</b>	<b>11,341,258</b>	<b>7,712,851</b>	
Excess (deficiency) of revenues over expenditures	(5,869,723)	(7,074,139)	1,171,650	8,245,789	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,059,643	2,059,643	2,059,643	-	
Transfers out	(1,921,926)	(1,823,000)	(800,000)	1,023,000	
Bond proceeds	3,500,000	2,500,000	-	(2,500,000)	
<b>Total other financing sources (uses)</b>	<b>3,637,717</b>	<b>2,736,643</b>	<b>1,259,643</b>	<b>(1,477,000)</b>	
Net change in fund balances	(2,232,006)	(4,337,496)	2,431,293	6,768,789	
Fund balance - beginning	7,013,566	7,013,566	7,013,566	-	
<b>Fund balance - ending</b>	<b>\$ 4,781,560</b>	<b>\$ 2,676,070</b>	<b>\$ 9,444,859</b>	<b>\$ 6,768,789</b>	

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

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

	Business-Type Activities			Total Proprietary Funds	
	Aviation Fund	Golf Course Fund	Utility Fund		
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ -	\$ 1,300	\$ 483,417	\$ 484,717	
Investments - current	-	-	28,001,287	28,001,287	
Accounts receivable, net	43,000	-	1,505,042	1,548,042	
Due from other funds	112,659	332,054	-	444,713	
Inventories	-	19,926	-	19,926	
Total current assets	<u>155,659</u>	<u>353,280</u>	<u>29,989,746</u>	<u>30,498,685</u>	
Noncurrent Assets:					
Land	415,172	499,050	2,337,269	3,251,491	
Buildings	186,081	863,164	486,885	1,536,130	
Improvements other than buildings	1,274,092	1,602,958	70,921,841	73,798,891	
Furnishings and equipment	-	2,435,858	3,952,714	6,388,572	
Accumulated depreciation	(405,503)	(3,031,023)	(28,325,550)	(31,762,076)	
Construction/development in progress	253,122	-	830,734	1,083,856	
Total noncurrent assets	<u>1,722,964</u>	<u>2,370,007</u>	<u>50,203,893</u>	<u>54,296,864</u>	
Total assets	<u>1,878,623</u>	<u>2,723,287</u>	<u>80,193,639</u>	<u>84,795,549</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources	-	130,515	589,847	720,362	
Total deferred outflows of resources	<u>-</u>	<u>130,515</u>	<u>589,847</u>	<u>720,362</u>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1,681	34,343	128,374	164,398	
Compensated absences payable	-	20,647	44,151	64,798	
Due to other funds	-	-	6,090,175	6,090,175	
Unearned revenue	-	-	1,874,121	1,874,121	
Bonds and notes payable - current	-	119,359	-	119,359	
Other current liabilities	-	-	3,920	3,920	
Customer deposits	-	-	333,920	333,920	
Total current liabilities	<u>1,681</u>	<u>174,349</u>	<u>8,474,661</u>	<u>8,650,691</u>	
Noncurrent Liabilities:					
Lease payables	-	198,677	-	198,677	
Net pension obligation	-	127,408	506,168	633,576	
Other noncurrent liabilities	-	16,171	129,059	145,230	
Total noncurrent liabilities	<u>-</u>	<u>342,256</u>	<u>635,227</u>	<u>977,483</u>	
Total liabilities	<u>1,681</u>	<u>516,605</u>	<u>9,109,888</u>	<u>9,628,174</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources	-	35,035	258,985	294,020	
Total deferred inflows of resources	<u>-</u>	<u>35,035</u>	<u>258,985</u>	<u>294,020</u>	
<b>NET POSITION</b>					
Net investment in capital assets	1,722,964	2,051,971	50,203,894	53,978,829	
Restricted for capital improvements	-	-	6,690,635	6,690,635	
Unrestricted	153,978	250,191	14,520,084	14,924,253	
Total net position	<u>\$ 1,876,942</u>	<u>\$ 2,302,162</u>	<u>\$ 71,414,613</u>	<u>\$ 75,593,717</u>	

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

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

	Business-Type Activities				Total Proprietary Funds
	Aviation Fund	Golf Course Fund	Utility Fund	Proprietary Funds	
<b>REVENUES</b>					
Operating revenues:					
Charges for services:					
Water	\$ -	\$ -	\$ 6,352,598	\$ 6,352,598	
Wastewater/sewer	- -	- -	4,622,490	4,622,490	
Other charges	342,326	519,484	- -	861,810	
Miscellaneous revenue	15,971	- -	251,395	267,366	
Total operating revenues	<u>358,297</u>	<u>519,484</u>	<u>11,226,483</u>	<u>12,104,264</u>	
<b>EXPENSES</b>					
Operating expenses:					
Salaries and wages	15,164	633,745	2,071,253	2,720,162	
Purchased services	25,766	150,014	530,027	705,807	
Purchased property services	16,991	136,945	1,435,553	1,589,489	
Materials and supplies	199,511	146,347	442,524	788,382	
Other operating expenses	10,432	32,721	363,457	406,610	
Depreciation	60,812	226,884	2,121,676	2,409,372	
Miscellaneous	530	45,313	3,614	49,457	
Total operating expenses	<u>329,206</u>	<u>1,371,969</u>	<u>6,968,104</u>	<u>8,669,279</u>	
Operating income (loss)	29,091	(852,485)	4,258,379	3,434,985	
Nonoperating revenues (expenses)					
Investment earnings	- -	- -	996,385	996,385	
Capital contributions	- -	- -	105,765	105,765	
Interest expense	- -	16,524	- -	16,524	
Total nonoperating revenues (expenses)	<u>- -</u>	<u>16,524</u>	<u>1,102,150</u>	<u>1,118,674</u>	
Income before transfers in (out)	29,091	(835,961)	5,360,529	4,553,659	
Transfers in	357,424	800,000	- -	1,157,424	
Transfers out	<u>- -</u>	<u>- -</u>	<u>(2,059,643)</u>	<u>(2,059,643)</u>	
Change in net position	386,515	(35,961)	3,300,886	3,651,440	
Net position-beginning	1,490,427	2,338,123	68,113,727	71,942,277	
Net position-ending	<u>\$ 1,876,942</u>	<u>\$ 2,302,162</u>	<u>\$ 71,414,613</u>	<u>\$ 75,593,717</u>	

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

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**CITY OF LAGO VISTA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2023**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Aviation Fund</b>	<b>Golf Course Fund</b>	<b>Utility Fund</b>	<b>Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 315,297	\$ 541,495	\$ 11,233,319	\$ 12,090,111
Receipt (return) of customer deposits	-	-	(8,870)	(8,870)
Payments to suppliers and service providers	(300,133)	(565,623)	(1,488,021)	(2,353,777)
Payments to employees for salaries and benefits	(15,164)	(603,738)	(1,953,956)	(2,572,858)
Net cash provided by (used for) operating activities	<u>-</u>	<u>(627,866)</u>	<u>7,782,472</u>	<u>7,154,606</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to/from other funds	357,424	800,000	(2,059,643)	(902,219)
Net cash provided by (used for) capital and financing activities	<u>357,424</u>	<u>800,000</u>	<u>(2,059,643)</u>	<u>(902,219)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(357,424)	(208,772)	(386,105)	(952,301)
Principal paid on capital debt	-	52,662	-	52,662
Long-term employee costs	-	(16,024)	(113,576)	(129,600)
Net cash provided by (used for) capital and related financing activities	<u>(357,424)</u>	<u>(172,134)</u>	<u>(499,681)</u>	<u>(1,029,239)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of investments	-	-	(6,350,798)	(6,350,798)
Interest on investments	-	-	996,385	996,385
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>(5,354,413)</u>	<u>(5,354,413)</u>
Net increase (decrease) in cash and cash equivalents	-	-	(131,265)	(131,265)
Cash and cash equivalents-beginning	-	1,300	614,682	615,982
Cash and cash equivalents-ending	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 483,417</u>	<u>\$ 484,717</u>
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>				
Operating income (loss)	\$ 29,091	\$ (852,485)	\$ 4,258,379	\$ 3,434,985
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	60,812	226,884	2,121,676	2,409,372
(Increase) decrease in accounts receivable	(43,000)	22,011	90,214	69,225
(Increase) decrease in due from other funds	(14,142)	(90,323)	-	(104,465)
(Increase) decrease in inventories	-	12,973	-	12,973
(Increase) decrease in net pension asset	-	22,148	116,803	138,951
(Decrease) increase in deposits payable	-	-	(8,870)	(8,870)
(Decrease) increase in accounts payable	(32,761)	23,067	(68,968)	(78,662)
(Decrease) increase in accrued liabilities	-	7,859	494	8,353
(Decrease) increase in due to other funds	-	-	1,356,122	1,356,122
(Decrease) increase in other current liabilities	-	-	(83,378)	(83,378)
Total adjustments	<u>(29,091)</u>	<u>224,619</u>	<u>3,524,093</u>	<u>3,719,621</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ (627,866)</u>	<u>\$ 7,782,472</u>	<u>\$ 7,154,606</u>

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

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**I. Summary of Significant Accounting Policies**

This section describes the significant accounting and reporting guidelines of the City.

**A. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. However, there were no component units identified that would require inclusion in this report.

**B. Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**C. Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Hotel Fund accounts for fees received in relation to hotel and motel taxes and are spent in relation to economic development and assistance.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Capital Projects Fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The government reports the following major enterprise funds:

The Aviation Fund accounts for the government's aviation services, including aviation equipment, supplies, and facilities.

The Golf Course Fund accounts for the government's municipal golf course services, including the pro shop, snack bar, and golf course.

The Utility Fund accounts for the government's utility services, including water and sewer services.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

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

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

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

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

## **E. Budgetary Information**

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

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

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

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

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

For the year ended September 30, 2023, expenditures did not significantly exceed appropriations in any of the City's legally adopted budgets.

### ***2. Investments***

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

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

Inventories are valued at cost using the weighted method and consist of the golf course's pro shop inventory. The cost of such inventories is recorded as expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased. The City does not currently have any prepaid items.

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

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

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

Capital asset classes	Lives
Buildings	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently has deferred inflows related to net pension liability and other postemployment benefits. The governmental funds report unavailable revenues related to property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

***8. Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed.

The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program revenues***

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

**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

***2. Property taxes***

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2022, upon which the levy for the 2022-2023 fiscal year was based, was \$2,163,655,382. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2023, to finance General Fund and Debt Service Fund operations were \$0.2959 and \$0.1324, respectively, for a total tax rate of \$0.4283 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2022-2023 fiscal year was \$9,266,936. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2023, were approximately 96% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

***3. Compensated absences***

Vacation

Upon termination, all regular employees who resign or are terminated after a 90-day probation period will be compensated for unused vacation leave up to a max of 30 days. Payment is based on the employee's salary at time of termination. Two-week notice required.

Sick Leave

If employed before July 1, 2016, 50% of accrued sick leave is paid upon termination or resignation up to a max of 90 days. Any employee employed after July 1, 2016 will not be eligible for paid accrued sick leave at termination or resignation.

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

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

**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**II. Stewardship, Compliance and Accountability**

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

No violations of legal or contractual provisions were noted during the current year.

**B. Deficit Fund Equity**

For the year ended September 30, 2023 there were no funds reported with deficit fund equity.

**III. Detailed Notes on All Activities and Funds**

**A. Cash Deposits with Financial Institution**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2023, the government's bank balance was \$949,557 and \$-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

**B. Investments**

The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note I.G.2, *Investments*, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

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

Investment Type	Maturity Time in Years	
	Less than	1
Logic (local government investment pool)	\$ 37,357,557	
Total investments	\$ 37,357,557	

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2023, the government's investment in the Logic investment pool was rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

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

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

### **C. Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund	Hotel Fund	Debt Service Fund	Total Governmental Funds
Property taxes	\$ 248,546	\$ -	\$ 130,404	\$ 378,950
Accounts receivable	225,523	-	-	225,523
Sales taxes	209,082	-	-	209,082
Franchise Taxes	145,738	69,884	-	215,622
Gross receivables	828,889	69,884	130,404	1,029,177
Less: Allowance for uncollectibles	50,194	-	-	50,194
<b>Net receivables</b>	<b>\$ 879,083</b>	<b>\$ 69,884</b>	<b>\$ 130,404</b>	<b>\$ 1,079,371</b>

Proprietary Funds:

Receivables	Aviation Fund	Utility Fund	Total Proprietary Funds
Accounts receivable	\$ 43,000	\$ 1,803,894	\$ 1,846,894
Gross receivables	43,000	1,803,894	1,846,894
Less: Allowance for uncollectibles	-	(298,852)	(298,852)
<b>Net receivables</b>	<b>\$ 43,000</b>	<b>\$ 1,505,042</b>	<b>\$ 1,548,042</b>

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**D. Capital Assets**

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

**Governmental Activities:**

	Balance 10/1/22	Increases	Decreases	Adjustments	Balance 9/30/23
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,495,408	\$ 25,001	\$ -	\$ -	\$ 1,520,409
Construction in progress	2,651,136	1,024,605	(35,024)	(3,640,717)	-
<b>Total capital assets, not being depreciated</b>	<b>4,146,544</b>	<b>1,049,606</b>	<b>(35,024)</b>	<b>(3,640,717)</b>	<b>1,520,409</b>
<b>Capital assets, being depreciated:</b>					
Autos and trucks	1,177,441	-	-	-	1,177,441
Buildings & streets	20,636,309	-	-	2,602,129	23,238,438
Furniture and fixtures	109,627	-	-	-	109,627
Improvements	7,379,646	31,139	-	575,399	7,986,184
Machinery and equipment	2,286,230	410,642	-	-	2,696,872
<b>Total capital assets, being depreciated</b>	<b>31,589,253</b>	<b>441,781</b>	<b>-</b>	<b>3,177,528</b>	<b>35,208,562</b>
<b>Less accumulated depreciation for:</b>					
Autos and trucks	(1,177,441)	-	-	-	(1,177,441)
Buildings & streets	(4,628,372)	(569,128)	-	-	(5,197,500)
Furniture and fixtures	(99,357)	(734)	-	-	(100,091)
Improvements	(2,700,105)	(225,514)	-	-	(2,925,619)
Machinery and equipment	(1,469,535)	(265,267)	-	-	(1,734,802)
<b>Total accumulated depreciation</b>	<b>(10,074,810)</b>	<b>(1,060,643)</b>	<b>-</b>	<b>-</b>	<b>(11,135,453)</b>
<b>Total capital assets being depreciated, net</b>	<b>21,514,443</b>	<b>(618,862)</b>	<b>-</b>	<b>3,177,528</b>	<b>24,073,109</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 25,660,987</b>	<b>\$ 430,744</b>	<b>\$ (35,024)</b>	<b>\$ (463,189)</b>	<b>\$ 25,593,518</b>

**CITY OF LAGO VISTA, TEXAS**  
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**Business-Type Activities:**

	Balance	Increases	Decreases	Adjustments	Balance
	10/1/22				9/30/23
Capital assets, not being depreciated:					
Land	\$ 3,251,491	\$ -	\$ -	\$ -	\$ 3,251,491
Construction in progress	1,001,299	82,557	-	-	1,083,856
Total capital assets, not being depreciated	<u>4,252,790</u>	<u>82,557</u>	<u>-</u>	<u>-</u>	<u>4,335,347</u>
Capital assets, being depreciated:					
Buildings	1,536,130	-	-	-	1,536,130
Improvements	73,310,984	24,718	-	463,189	73,798,891
Furniture and equipment	5,900,970	487,602	-	-	6,388,572
Total capital assets, being depreciated	<u>80,748,084</u>	<u>512,320</u>	<u>-</u>	<u>463,189</u>	<u>81,723,593</u>
Less accumulated depreciation for:					
Buildings	(548,573)	(44,906)	-	-	(593,479)
Improvements	(23,917,832)	(1,959,806)	-	-	(25,877,638)
Furniture and equipment	(4,886,299)	(404,660)	-	-	(5,290,959)
Total accumulated depreciation	<u>(29,352,704)</u>	<u>(2,409,372)</u>	<u>-</u>	<u>-</u>	<u>(31,762,076)</u>
Total capital assets being depreciated, net	<u>51,395,380</u>	<u>(1,897,052)</u>	<u>-</u>	<u>463,189</u>	<u>49,961,517</u>
Business-type activities capital assets, net	<u><u>\$ 55,648,170</u></u>	<u><u>\$ (1,814,495)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 463,189</u></u>	<u><u>\$ 54,296,864</u></u>

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

**Governmental activities:**

General government	\$ 393,210
Public safety	315,487
Highways and streets	106,599
Sanitation	114,861
Culture and recreation	89,953
Economic development and assistance	40,532
Total depreciation expense - governmental activities	<u><u>\$ 1,060,642</u></u>

**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**E. Defined Benefit Pension Plan**

*Plan Description*

The 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 TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

*Benefits Provided*

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, 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	50
Inactive employees entitled to but not yet receiving benefits	72
Active employees	<u>94</u>
	<u><u>216</u></u>

*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 were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.16% and 8.28% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$501,112, and were equal to the required contributions.

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2109, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 shown on the table on the following page:

**CITY OF LAGO VISTA, TEXAS**  
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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 & Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
<b>Total</b>	<b><u>100%</u></b>	

*Discount Rate*

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
	\$ 14,213,626	\$ 14,579,289	\$ (365,663)
Balance at 12/31/2021			
Changes for the year:			
Service cost	730,430	-	730,430
Interest	947,701	-	947,701
Difference between expected and actual experience	1,047	-	1,047
Contributions - employer	-	452,036	(452,036)
Contributions - employee	-	341,589	(341,589)
Net investment income	-	(1,064,647)	1,064,647
Benefit payments, including refunds of employee contr.	(1,077,659)	(1,077,659)	-
Administrative expense	-	(9,209)	9,209
Other changes	-	10,989	(10,989)
	<b>Net changes</b>	<b>601,519</b>	<b>(1,346,901)</b>
Balance at 12/31/2022	<b>\$ 14,815,145</b>	<b>\$ 13,232,388</b>	<b>\$ 1,582,757</b>

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Sensitivity of the net pension liability to changes in the discount rate*

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

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability/(asset)	\$ 3,572,253	\$ 1,582,757	\$ (57,564)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [www.tmrs.com](http://www.tmrs.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 \$103,116.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 1,638,999	\$ 683,819
Differences between expected and actual economic experience	40,379	60,380
Difference in assumption changes	653	-
Contributions subsequent to the measurement date	369,597	-
<b>Total</b>	<b>\$ 2,049,628</b>	<b>\$ 744,199</b>

\$369,597 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:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2023	\$ 70,346
2024	203,932
2025	251,805
2026	409,749
<b>Total</b>	<b>\$ 935,832</b>

**CITY OF LAGO VISTA, TEXAS**  
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**F. Other Post-Employment Benefit (OPEB) Obligations**

*Benefits Provided*

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an other post-employment benefit, or OPEB.

*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	37
Inactive employees entitled to but not yet receiving benefits	13
Active employees	94
	<hr/>
	144
	<hr/>

*Contributions*

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

The City's contributions to the TMRS SDBF for the years September 30, 2023 and 2022 were \$22,405 and \$12,143 respectively, which equaled the required contributions each year.

*Plan Assets*

At the December 31, 2022 valuation and measurement date, there are no assets accumulated in trust.

*Actuarial Assumptions*

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

Inflation	2.50% per year
Salary increases	3.50%-11.50% including inflation
Discount rate	4.05%
Retirees' share of benefit costs	\$0

**CITY OF LAGO VISTA, TEXAS**  
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All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68. 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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.

*Schedule of Changes in the Total OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 339,088	\$ -	\$ 339,088
Changes for the year:			
Service cost	28,466	-	28,466
Interest	6,454	-	6,454
Change of benefit terms	-	-	-
Difference between expected and actual experience	(826)	-	(826)
Changes of assumptions	(116,903)	-	(116,903)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(5,124)	-	(5,124)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	<u>(87,933)</u>	<u>-</u>	<u>(87,933)</u>
Balance at 12/31/2022	<u>\$ 251,155</u>	<u>\$ -</u>	<u>\$ 251,155</u>

*Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 3.05% or 1-percentage-point higher 5.05% than the current rate:

	1% Decrease in Discount Rate 3.05%	Current Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
	\$ 296,302	\$ 251,155	\$ 215,558
City's net OPEB liability			

**CITY OF LAGO VISTA, TEXAS**  
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*Pension Plan Fiduciary Net Position*

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

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

For the year ended September 30, 2023, the city recognized OPEB expense of \$8,877.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,614	\$ 11,730
Difference in assumption changes	37,439	96,145
Contributions subsequent to the measurement date	18,761	-
<b>Total</b>	<b>\$ 61,814</b>	<b>\$ 107,875</b>

\$18,761 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB 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 OPEB expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2023	\$ (13,095)
2024	(9,521)
2025	(16,408)
2026	(22,824)
2027	(2,974)
<b>Total</b>	<b>\$ (64,822)</b>

**G. Risk Management**

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

**CITY OF LAGO VISTA, TEXAS**  
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**H. Lease Obligations**

***1. Capital Leases***

The future minimum lease obligations and net present value of these minimum lease payments as of September 30, 2023, were as follows:

Year Ending September 30,	Business-type Activities	
2024	\$	132,218
2025		122,771
2026		255,747
2027		9,170
2028		1
Total minimum lease payments		519,907
Less: amount representing interest		(27,462)
Present value of minimum lease payments	<u><u>\$</u></u>	<u><u>492,445</u></u>

**I. Long-Term Liabilities**

**General Obligation Bonds**

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 30 years.

Details of long-term debt obligations outstanding at September 30, 2023 are as shown below and on the following page:

**CITY OF LAGO VISTA, TEXAS**  
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**Governmental Activities:**

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
<b>Bonds Payable</b>					
Certificates of Obligation, Series 2006	2006	\$ 6,515,000	4.13%	2027	\$ 1,780,000
Certificates of Obligation, Series 2008	2008	2,000,000	3.87%	2028	645,000
Certificates of Obligation, Series 2014	2014	7,655,000	2-4.5%	2035	7,425,000
General Obligation Refunding Bond, Series 2015	2015	6,955,000	2-4%	2035	6,535,000
General Obligation Refunding Bond, Series 2016A	2016	1,810,000	2-4%	2037	1,540,000
General Obligation Refunding Bond, Series 2016B	2016	3,875,000	1.22-3.739%	2037	3,390,000
Certificates of Obligation, Series 2017	2017	7,725,000	3-4%	2047	6,425,000
Total Bonds Payable					<u><u>\$ 27,740,000</u></u>

**Business-type Activities:**

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/23
<b>Leases Payable</b>					
Wells Fargo, Mowers	2019	\$ 96,450	4.32%	2025	\$ 34,946
Wells Fargo, Mowers	2022	184,054	0.00%	2026	138,040
Yamaha, Golf Carts	2019	309,474	4.20%	2023	93,117
John Deere, Maintenance Equipment and Vehicles	2019	204,010	3.75%	2023	9,359
John Deere, Maintenance Vehicles	2021	65,598	3.75%	2027	42,575
Total Leases Payable					<u><u>\$ 318,037</u></u>

**Changes in Long-Term Liabilities**

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

**Governmental Activities:**

Description	Balance 10/1/22	Additions	Deletions	Balance 9/30/23	Due in One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 12,255,000	\$ -	\$ (790,000)	\$ 11,465,000	\$ 735,000
Certificates of obligation	17,070,000	-	(795,000)	16,275,000	904,000
Premium	1,273,877	-	(102,149)	1,171,728	-
Total bonds payable	<u>30,598,877</u>	<u>-</u>	<u>(1,687,149)</u>	<u>28,911,728</u>	<u>1,639,000</u>
Compensated absences	481,346	158,371	-	639,717	-
Net pension liability/(asset)	(226,712)	1,271,332	-	1,044,620	-
Net other postemployment benefit obligation	210,235	-	(54,518)	155,717	-
Governmental activities long-term liabilities	<u>\$ 31,063,746</u>	<u>\$ 1,429,703</u>	<u>\$ (1,741,667)</u>	<u>\$ 30,751,782</u>	<u>\$ 1,639,000</u>

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Business-type Activities:

<b>Business-type Activities</b>		Balance			Balance		Due in
	Description	10/1/22	Additions	Deletions	9/30/23	One Year	
Capital leases		\$ 278,018	\$ 184,054	\$ (144,035)	\$ 318,037	\$ 119,359	
Compensated absences		171,224	-	(25,994)	145,230	-	
Net pension liability/(asset)		(138,952)	677,089	-	538,137	-	
Net other postemployment benefit obligation		128,853	-	(33,415)	95,438	-	
Governmental activities long-term liabilities		<u>\$ 439,143</u>	<u>\$ 861,143</u>	<u>\$ (203,444)</u>	<u>\$ 1,096,842</u>	<u>\$ 119,359</u>	

The debt service requirements for the government's bonds, loans, and notes are as follows:

Year Ended September 30,	<u>Governmental Activities</u>	
	<u>Bonds Payable</u>	
	Principal	Interest
2024	\$ 1,639,000	\$ 1,037,372
2025	1,699,000	974,008
2026	1,764,000	907,531
2027	1,839,000	837,680
2028	1,824,000	767,433
2029-2033	10,270,000	2,717,787
2034-2038	6,195,000	857,093
2039-2043	1,285,000	368,656
2044-2047	1,225,000	100,300
Totals	<u>\$ 27,740,000</u>	<u>\$ 8,567,860</u>

**J. Fund Balance**

**Minimum fund balance policy.** The governing council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 90 days of general fund annual revenues (approximately 25%), but not to drop below 60 days (16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. In rare circumstances, it is allowed to drop further below target provided a plan is in place to restore the funds.

**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**K. Interfund Receivables and Payables**

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 74,292
General Fund	Utility Fund	3,211,040
Debt Service Fund	Utility Fund	11,537
Capital Project Fund	General Fund	2,930,845
Aviation Fund	General Fund	112,659
Golf Fund	General Fund	332,053
Total		<u>\$ 6,672,426</u>

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

**L. Interfund Transfers**

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

<b>Transfer in to:</b>			
	Governmental Funds	Enterprise Funds	
	General Fund	Golf Fund	Total
<b>Transfer out from:</b>			
General Fund	\$ -	\$ 800,000	\$ 800,000
Utility Fund	2,059,643	-	2,059,643
Total	<u>\$ 2,059,643</u>	<u>\$ 800,000</u>	<u>\$ 2,859,643</u>

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

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**CITY OF LAGO VISTA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**M. Contingencies**

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**N. Subsequent Events**

As of January 12, 2024, there were no items noted requiring recording and/or disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION  
OTHER REPORTING

**CITY OF LAGO VISTA, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019
<b>A. Total pension liability</b>				
1. Service cost	\$ 730,430	\$ 682,299	\$ 663,096	\$ 595,954
2. Interest (on the Total Pension Liability)	947,701	896,817	817,904	759,830
3. Changes of benefit terms	-	-	-	-
4. Difference between expected and actual experience	1,047	(120,024)	159,695	(74,546)
5. Changes of assumptions	-	-	-	37,949
6. Benefit payments, including refunds of employee contributions	(1,077,659)	(380,988)	(581,439)	(403,363)
7. Net change in total pension liability	\$ 601,519	\$ 1,078,104	\$ 1,059,256	\$ 915,824
8. Total pension liability - beginning	14,213,626	13,135,522	12,076,266	11,160,442
9. Total pension liability - ending	<u>\$ 14,815,145</u>	<u>\$ 14,213,626</u>	<u>\$ 13,135,522</u>	<u>\$ 12,076,266</u>
<b>B. Plan fiduciary net position</b>				
1. Contributions - employer	\$ 452,036	\$ 425,964	\$ 427,060	\$ 361,957
2. Contributions - employee	341,589	325,162	315,600	279,353
3. Net investment income	(1,064,647)	1,639,567	876,098	1,515,340
4. Benefit payments, including refunds of employee contributions	(1,077,659)	(380,988)	(581,439)	(403,363)
5. Administrative expense	(9,209)	(7,586)	(5,671)	(8,562)
6. Other changes	10,989	52	(222)	(257)
7. Net change in plan fiduciary net position	\$ (1,346,901)	\$ 2,002,171	\$ 1,031,426	\$ 1,744,468
8. Plan fiduciary net position - beginning	14,579,289	12,577,118	11,545,692	9,801,224
9. Plan fiduciary net position - ending	<u>\$ 13,232,388</u>	<u>\$ 14,579,289</u>	<u>\$ 12,577,118</u>	<u>\$ 11,545,692</u>
<b>C. Net pension liability [A.9 - B.9]</b>	<u><u>\$ 1,582,757</u></u>	<u><u>\$ (365,663)</u></u>	<u><u>\$ 558,404</u></u>	<u><u>\$ 530,574</u></u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	89.32%	102.57%	95.75%	95.61%
<b>E. Covered-employee payroll</b>	\$ 5,693,144	\$ 5,419,370	\$ 5,258,495	\$ 4,655,888
<b>F. Net position as a percentage of covered employee payroll [C / E]</b>	27.80%	-6.75%	10.62%	11.40%

Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
\$ 557,697	\$ 530,359	\$ 498,365	\$ 431,114	\$ 362,015
687,882	623,948	569,842	527,056	489,774
-	-	-	-	-
160,240	101,262	43,293	20,443	(73,396)
-	-	-	212,906	-
<b>(314,744)</b>	<b>(329,404)</b>	<b>(322,425)</b>	<b>(302,417)</b>	<b>(258,266)</b>
<b>\$ 1,091,075</b>	<b>\$ 926,165</b>	<b>\$ 789,075</b>	<b>\$ 889,102</b>	<b>\$ 520,127</b>
<b>10,069,367</b>	<b>9,143,202</b>	<b>8,354,127</b>	<b>7,465,025</b>	<b>6,944,898</b>
<b>\$ 11,160,442</b>	<b>\$ 10,069,367</b>	<b>\$ 9,143,202</b>	<b>\$ 8,354,127</b>	<b>\$ 7,465,025</b>
<b><u><u>(314,744)</u></u></b>	<b><u><u>(329,404)</u></u></b>	<b><u><u>(322,425)</u></u></b>	<b><u><u>(302,417)</u></u></b>	<b><u><u>(258,266)</u></u></b>
<b><u><u>(5,678)</u></u></b>	<b><u><u>(6,044)</u></u></b>	<b><u><u>(5,907)</u></u></b>	<b><u><u>(6,822)</u></u></b>	<b><u><u>(4,200)</u></u></b>
<b><u><u>(297)</u></u></b>	<b><u><u>(306)</u></u></b>	<b><u><u>(318)</u></u></b>	<b><u><u>(338)</u></u></b>	<b><u><u>(345)</u></u></b>
<b><u><u>\$ (6,964)</u></u></b>	<b><u><u>\$ 1,392,974</u></u></b>	<b><u><u>\$ 675,315</u></u></b>	<b><u><u>\$ 149,035</u></u></b>	<b><u><u>\$ 558,570</u></u></b>
<b><u><u>9,808,188</u></u></b>	<b><u><u>8,415,215</u></u></b>	<b><u><u>7,739,900</u></u></b>	<b><u><u>7,590,865</u></u></b>	<b><u><u>7,032,295</u></u></b>
<b><u><u>\$ 9,801,224</u></u></b>	<b><u><u>\$ 9,808,189</u></u></b>	<b><u><u>\$ 8,415,215</u></u></b>	<b><u><u>\$ 7,739,900</u></u></b>	<b><u><u>\$ 7,590,865</u></u></b>
<b><u><u>\$ 1,359,218</u></u></b>	<b><u><u>\$ 261,178</u></u></b>	<b><u><u>\$ 727,987</u></u></b>	<b><u><u>\$ 614,227</u></u></b>	<b><u><u>\$ (125,840)</u></u></b>

87.82% 97.41% 92.04% 92.65% 101.69%

\$ 4,380,966 \$ 4,098,600 \$ 3,851,351 \$ 3,542,430 \$ 3,392,918

31.03% 6.37% 18.90% 17.34% -3.71%

**CITY OF LAGO VISTA, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**NET PENSION LIABILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Fiscal Year			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 501,112	\$ 442,626	\$ 421,203	\$ 401,349
Contributions in relation to the actuarially determined contribution	<u>(501,112)</u>	<u>(442,626)</u>	<u>(421,203)</u>	<u>(401,349)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered employee payroll	 \$ 5,693,144	 \$ 5,590,282	 \$ 5,311,019	 \$ 4,993,558
Contributions as a percentage of covered employee payroll	8.80%	7.92%	7.93%	8.04%

Fiscal Year					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
\$ 357,036	\$ 334,163	\$ 300,205	\$ 254,860	\$ 235,583	
<u>(357,036)</u>	<u>(334,163)</u>	<u>(300,205)</u>	<u>(254,860)</u>	<u>(235,583)</u>	
<u>\$ -</u>					
\$ 4,580,879	\$ 4,266,109	\$ 4,042,094	\$ 3,911,628	\$ 3,491,490	
7.79%	7.83%	7.43%	6.52%	6.75%	

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**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**NET PENSION LIABILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Valuation Date:**

## Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	22 years (longest amortization ladder)
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50% per year
Salary increases	3.50% to 11.50%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

### **Other Information:**

Notes There were no benefit changes during the year.

**CITY OF LAGO VISTA, TEXAS**  
**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019
<b>A. Total pension liability</b>				
1. Service cost	\$ 28,466	\$ 26,013	\$ 23,137	\$ 14,899
2. Interest on Total OPEB Liability	6,454	6,406	6,645	7,093
3. Changes of benefit terms	-	-	-	-
4. Difference between expected & actual experience	(826)	(7,961)	11,968	(12,980)
5. Changes of assumptions	(116,903)	9,523	38,398	38,814
6. Benefit payments	(5,124)	(4,335)	(1,578)	(1,397)
7. Net changes	\$ (87,933)	\$ 29,646	\$ 78,570	\$ 46,429
8. Total OPEB Liability - beginning of the year	<u>339,088</u>	<u>309,442</u>	<u>230,872</u>	<u>184,443</u>
9. Total OPEB Liability - end of the year	<u><u>\$ 251,155</u></u>	<u><u>\$ 339,088</u></u>	<u><u>\$ 309,442</u></u>	<u><u>\$ 230,872</u></u>
 <b>E. Covered-employee payroll</b>	 \$ 5,693,144	 \$ 5,419,371	 \$ 5,258,495	 \$ 4,655,888
 <b>F. Total OPEB Liability as a Percentage of Covered Payroll</b>	 4.41%	 6.26%	 5.88%	 4.96%

Measurement Year 2018	Measurement Year 2017
\$ 16,210	\$ 13,116
6,388	6,000
-	-
(9,763)	-
(12,846)	14,459
(876)	(820)
<u>\$ (887)</u>	<u>\$ 32,755</u>
<u>185,330</u>	<u>152,575</u>
<u><u>\$ 184,443</u></u>	<u><u>\$ 185,330</u></u>
\$ 4,380,966	\$ 4,098,600
4.21%	4.52%

**CITY OF LAGO VISTA, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**NET OPEB LIABILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Fiscal Year			
	2023	2022	2020	2019
Actuarially Determined Contribution	\$ 22,405	\$ 12,143	\$ 11,587	\$ 11,867
Contributions in relation to the actuarially determined contribution	<u>(22,405)</u>	<u>(12,143)</u>	<u>(11,587)</u>	<u>(11,867)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 6,346,680	\$ 5,590,282	\$ 5,311,019	\$ 4,993,558
Contributions as a percentage of covered employee payroll	0.00%	0.22%	0.22%	0.24%

Fiscal Year	
2018	2017
\$ 10,994	\$ 9,385
<u>(10,994)</u>	<u>(9,385)</u>
<u>\$ -</u>	<u>\$ -</u>
\$4,580,879	\$4,266,109
0.24%	0.22%

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**CITY OF LAGO VISTA, TEXAS**  
**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**NET OPEB LIABILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Summary of Actuarial Assumptions:**

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

**Other Information:**

**Notes**

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

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

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**CITY OF LAGO VISTA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final	Budget
<b>REVENUES</b>					
Property taxes	\$ 2,679,358	\$ 2,679,358	\$ 2,746,111	\$ 66,753	
Penalties and interest on taxes	3,351	-	18,563	18,563	
Investment earnings	4,649	8,000	43,585	35,585	
Total revenues	<u>2,687,358</u>	<u>2,687,358</u>	<u>2,808,259</u>	<u>120,901</u>	
<b>EXPENDITURES</b>					
Current:					
Debt service:					
Bond principal	1,585,000	1,585,000	1,585,000	-	
Interest - bonds	1,094,358	1,094,359	1,094,357	2	
Bank Charges	8,000	8,000	3,000	5,000	
Total Expenditures	<u>2,687,358</u>	<u>2,687,359</u>	<u>2,682,357</u>	<u>5,002</u>	
Excess (deficiency) of revenues over expenditures	-	(1)	125,902	125,903	
Net Change in Fund Balances	-	(1)	125,902	125,903	
Fund balance - beginning	459,708	459,708	459,708	-	
Fund balance - ending	<u>\$ 459,708</u>	<u>\$ 459,707</u>	<u>\$ 585,610</u>	<u>\$ 125,903</u>	

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

To the Honorable Mayor, Members of the City Council and Citizens of the City of Lago Vista, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lago Vista, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lago Vista, Texas's basic financial statements and have issued our report thereon dated January 12, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Lago Vista, Texas's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Lago Vista, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lago Vista, Texas'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

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## **Purpose of This Report**

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

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Cedar Park, Texas

January 12, 2024

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

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

## FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
• Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

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

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2023 and 2022.

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

Not applicable.