



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2023



CITY OF EL CAMPO, TEXAS



***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of El Campo, Texas

**For the Year Ended
September 30, 2023**

Prepared by

Brittni Nanson
Director of
Finance

Courtney Sladek
City Manager



City of El Campo, Texas

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INTRODUCTORY SECTION





April 19, 2024

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

The Comprehensive Annual Financial Report of the City of El Campo, Texas, hereinafter referred to as the “City”, for the fiscal year ended September 30, 2023, is hereby submitted. It is published to provide to the City Council, to representatives of financial institutions, and to our citizens, and other interested people, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

CITY PROFILE

The City has a home-rule Council-Manager form of government. The elected body is made up of a mayor and six City Council members. The Mayor and City Council members are all elected for staggered two-year terms. The City Manager is appointed by the City Council and is responsible for the implementation of City Council policy and all day-to-day operations of the City.

The City Council appoints many residents, who have volunteered their expertise, experience, and time to serve on various boards and commissions. These standing boards and commissions make recommendations relative to special projects.

A full range of municipal services is provided by the City including public safety (police, fire protection, and emergency medical services); water and wastewater services; public improvements; repair and maintenance of infrastructure; recreational and community activities; planning and zoning; and general administrative services. This report includes all the funds of the City government. The financial statements of the City Development Corporation of El Campo, Inc. are also reported herein as a discretely presented component unit of the City based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements).

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

ECONOMIC CONDITION AND OUTLOOK

The City is located in the Gulf Coast region of southeast Texas and is the largest city in Wharton County with an estimated population of 12,350. It is located on U.S. Highway 59 and State Highway 71, approximately 72 miles southwest of Houston. U.S. Highway 59 is one of the major transportation arteries that ties the United States to Mexico, and it is currently being studied for conversion to an interstate highway that would link Canada to Mexico.

One of the economy's mainstays is agriculture. Wharton County has consistently ranked as one of the largest rice-producing counties in the state and nation. Several major regional agricultural facilities are in the city, including operations for product storage, milling, transportation, and marketing as well as two farm cooperatives that provide direct sales, service, and marketing assistance to area farmers. Oil and gas production is also an important contributor to the local economy and in recent years the aquaculture industry has become an important factor as well.

El Campo's population and economy remain fairly stable. This has a direct impact on the resources available to the city to provide services to the community. Indicators of growth include population increases, building activity, unemployment rate, ad valorem tax revenues, and sales tax revenues.

Revenue growth appears equal to the costs of maintaining the current service levels throughout the City; however, the margin is much smaller than in prior years. Staff continue to monitor various indicators of the economic and fiscal health of the community. Monitoring is also done to better respond to economic conditions that may indicate a weakening in the local economy. Any such weakening could adversely affect the fiscal health of the City. If the economy does hurt the City's fiscal health, choices on revenues and expenditures will have to be made to address the impact. This approach is important to ensure that any slowdown in growth or change in economic conditions does not adversely affect the financial position of the City.

The City must continue to work with its partners, notably the City Development Corporation, Wharton County, the School District, and EC Chamber and Non-Profit Organizations to move the community forward and make the Mission Statement a reality for El Campo. We need to collaborate to ensure that we are providing the best services that we can for the entire community and not duplicating efforts but rather assisting each other where we can make a difference for the greater good of the community.

The City still maintains fund balance reserves at levels that allow for capital projects to be addressed. The City Council has continued the policy that excess Fund Balance above 3 months of operations should be designated for capital.

MAJOR INITIATIVES

In developing the FY23-24 budget, we focused on the goals and objectives for the City of El Campo. Department heads were asked to assess the needs, goals and achievements of each Department.

For the past several years, the City has initiated and completed many public improvements and maintained adequate resources to provide a wide variety of services for the citizens. The challenge of maintaining the quality of life in the City continues to be a top priority as well as focusing on our infrastructure needs now and for the future such as planning for the I-69 Corridor improvements.

The City has made a significant investment in the employees and continues to try to motivate them to provide excellent customer service. As our main expenditure, personnel is what drives our service level, and the more that we can do to create a unified team, the more that we can do to provide service at the level that our citizens deserve.

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

The major concern over the next 3-5 years will be our ability or inability to properly fund the upkeep and maintenance of our infrastructure and City facilities at a time when limited funds are available while trying to fund our basic services.

Extreme conservatism has allowed the City to build reserves to be utilized for one-time purchases and that practice is continued. The economy has continued to be in a slow growth mode and that is reflected. Additionally, we are avoiding short-term thinking.

Achievements

This fiscal year saw many City Council priorities nearing completion. For instance,

- The City has maintained its AA- credit rating, the highest credit rating in Wharton County.
- The City continued the seal coating of existing roads and the rehabilitation of water and wastewater main lines.
- Hosted two clean-ups, funded through H-GAC.
- Submitted the letter of map revision to FEMA to receive a new floodplain map, dramatically reducing the floodplain footprint, saving our citizens thousands of dollars in flood insurance, and accurately reflecting the floodplain.
- Received nearly \$24 million in grant funding to support capital projects.
- Improved sewer lines
- Acquired property and completed engineering for the Avenue F well replacement project.
- Continued elevated water tank maintenance and repainting program.
- Approved much-needed equipment and vehicles.

Implementation of the Comprehensive Plan is slated for the next five years.

FINANCIAL INFORMATION

The financial statements have been prepared per GAAP as prescribed by the Governmental Accounting Standards Board.

Internal accounting controls are established by management to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Also, they are designed to provide reasonable assurance as to the reliability of financial records for preparing financial statements and are employed to help maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived and the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Civic Center Fund, Transportation User Fee Fund, Utility Fund, and EMS Fund are included in this document in their annual appropriated amounts.

INDEPENDENT AUDIT

This report is prepared in compliance with the legal requirements set forth by Article 3.10 of the Charter of the City of El Campo, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data on an annual basis to management, the elected City Council and Mayor, the public, investors, and other interested persons. The firm of BrooksWatson & Co., PLLC, Certified Public Accountants, was engaged by the City to satisfy this requirement.

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Campo, Texas, for its comprehensive annual financial report for the year ended September 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

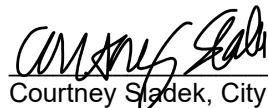
To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department of the City. We would also like to thank the Mayor and Members of the City Council for their interest and support in planning and conducting the financial operations of the City progressively and responsibly.

Respectfully,



Courtney Sladek, City Manager



Brittini Nanson, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of El Campo
Texas**

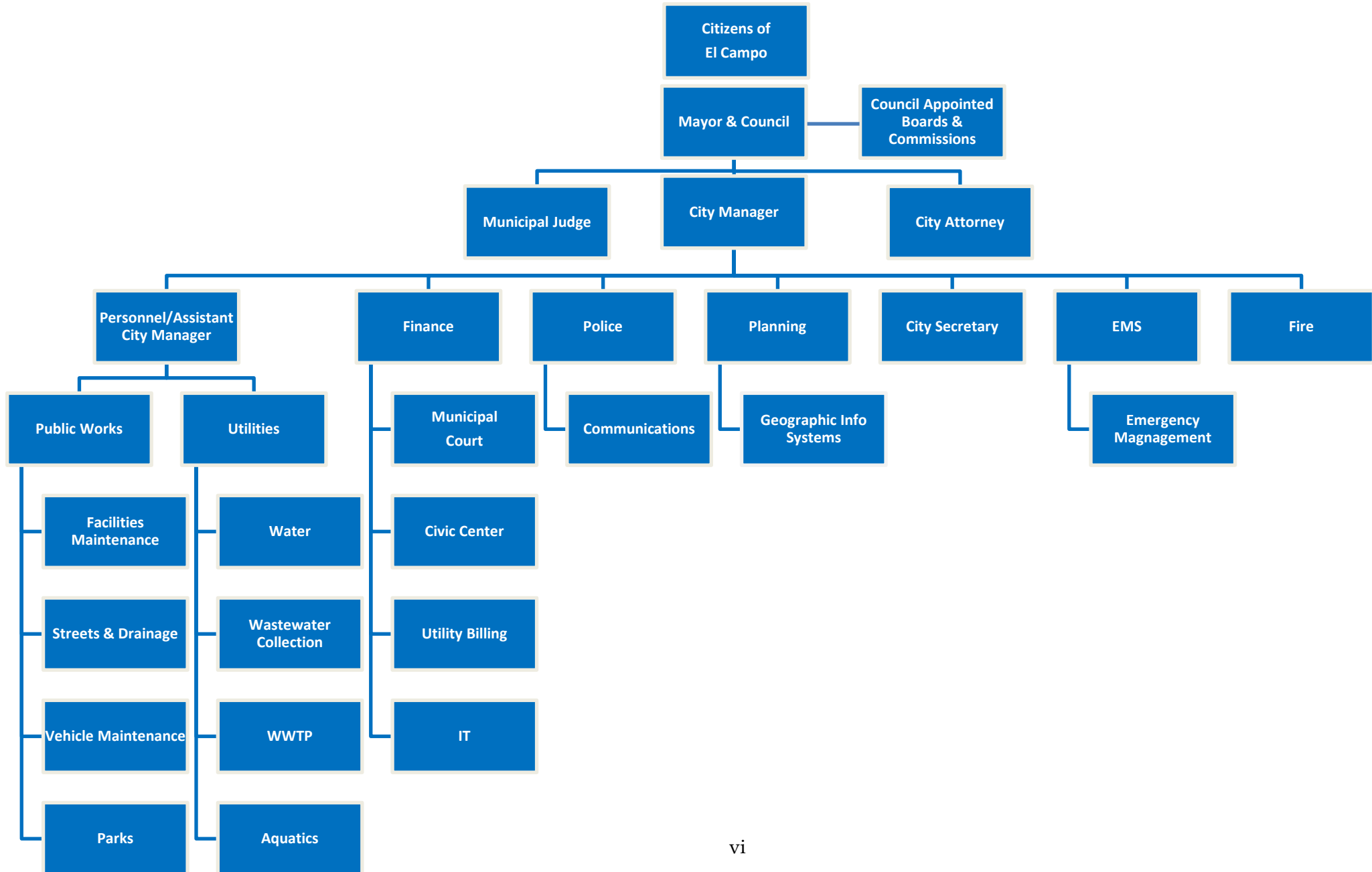
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF EL CAMPO ORGANIZATIONAL CHART



City of El Campo, Texas
Directory of Principal Officials
September 30, 2023

City Officials (Elected Positions):

Chris Barbee, At-large Mayor

Eugene Bustamante, At-large Mayor Pro-Tem

Blake Barger, At-large Council Member

Steven Ward, Council Member District No. 1

Tom Coblentz, Council Member District No. 2

David Hodges, Council Member District No. 3

John Hancock, Council Member District No. 4

Key Staff (Appointed Positions):

Courtney Sladek, City Manager

Ronald Collins, City Attorney

Brittni Nanson, Director of Finance



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of El Campo, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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

The City's 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 one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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.

Emphasis of Matter

As discussed in Note V.D. to the financial statements, the City restated beginning net position/fund balance within governmental activities, business-type activities, and the utility fund due to corrections to capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
April 19, 2024

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*



City of El Campo, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

As management of the City of El Campo, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2023 by \$24,086,976. Of this amount, \$6,157,481 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,026,786. The majority of the City's net position are invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$6,561,264 at September 30, 2023, an increase of \$1,170,058 from the prior fiscal year; this includes an increase of \$879,971 in the general fund, an increase of \$285,461 in the debt service fund, an increase of \$2,800 in the 2004 Bonds fund, and an increase of \$1,826 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$5,642,864 or 54% of total general fund expenditures.
- The City's total debt showed a net decrease of \$1,759,472. Total debt at the close of the fiscal year was \$37,636,460.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide 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.

City of El Campo, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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

The *statement of activities* presents information showing how the 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, and parks and recreation. The business-type activities of the City include utility services and emergency medical service operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate City Development Corporation of El Campo, Inc. ("CDC") for which the City is 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 funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

City of El Campo, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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 thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and 2004 Bonds fund, which are considered to be major funds. The City's other special revenue and capital project funds are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and most of the special revenue funds. A budget was not adopted for the capital projects fund, municipal court building security fund, TRZ fund, street paving fund, CDBG GLO grant fund, and the 2004 Bond fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with each adopted budget.

Proprietary Funds

The City maintains two 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 two enterprise funds to account for its utility service and emergency medical service ("EMS") operations. All activities associated with providing such services are accounted for in these funds, including personnel, administration, operation, repairs/maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for IT support services.

Proprietary financial statements 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 utility fund and EMS fund, as they are considered major funds of the City.

Component Unit

The City maintains the accounting and financial statements for one component unit. The City Development Corporation of El Campo, Inc. is reported as a discrete component unit on the government-wide financial statements.

City of El Campo, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Notes to 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 benefits to its employees and budgetary comparison for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of El Campo, assets and deferred outflows exceed liabilities and deferred inflows by \$24,086,976 as of September 30, 2023 in the primary government.

The largest portion of the City's net position, \$16,936,843, reflects its investments in capital assets (e.g., land, buildings, infrastructure, vehicles, machinery and equipment, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of El Campo, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,744,655	\$ 8,475,880	\$ 15,220,535	\$ 5,659,551	\$ 9,730,244	\$ 15,389,795
Capital assets	34,668,221	20,510,815	55,179,036	35,339,333	18,187,822	53,527,155
Total Assets	41,412,876	28,986,695	70,399,571	40,998,884	27,918,066	68,916,950
Total Deferred Outflows	2,375,441	817,358	3,192,799	1,004,133	291,219	1,295,352
Current liabilities	2,735,018	2,563,754	5,298,772	2,683,837	1,805,967	4,489,804
Long-term liabilities	31,159,712	12,849,323	44,009,035	28,812,431	12,686,336	41,498,767
Total Liabilities	33,894,730	15,413,077	49,307,807	31,496,268	14,492,303	45,988,571
Total Deferred Inflows	116,548	81,039	197,587	1,578,386	585,155	2,163,541
Net Position:						
Net investment in capital assets	8,700,521	8,236,322	16,936,843	8,479,793	8,903,571	17,383,364
Restricted	992,652	-	992,652	795,166	204,215	999,381
Unrestricted	83,866	6,073,615	6,157,481	(346,596)	4,024,041	3,677,445
Total Net Position	\$ 9,777,039	\$ 14,309,937	\$ 24,086,976	\$ 8,928,363	\$ 13,131,827	\$ 22,060,190

Current and other assets for governmental activities increased primarily due to greater investment balances, resulting from positive operating cash flows in the current year. In addition, the City recognized greater receivables primarily due to the timing of sales tax collections subsequent to year end. Current and other assets for business-type activities decreased primarily due to a reduction of cash on hand, resulting from funds being spent on new capital improvements. Current liabilities for business-type activities increased primarily due to timing of vendor payments subsequent to yearend. Long-term liabilities for governmental activities increased primarily due to greater pension liabilities at the end of the current year.

City of El Campo, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
			Total			Total
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 1,269,226	\$ 10,096,696	\$ 11,365,922	\$ 1,163,669	\$ 9,896,811	\$ 11,060,480
Operating grants	595,126	109,855	704,981	124,506	1,492,972	1,617,478
Capital grants	401,536	-	401,536	705,280	-	705,280
General revenues:						
Property taxes	4,511,262	-	4,511,262	4,457,531	-	4,457,531
Sales taxes	5,339,920	-	5,339,920	4,709,549	-	4,709,549
Hotel occupancy taxes	269,646	-	269,646	171,565	-	171,565
Franchise and local taxes	872,373	-	872,373	854,109	-	854,109
Investment income	107,778	154,018	261,796	15,009	24,079	39,088
Other revenues	191,271	144,737	336,008	106,020	206,422	312,442
Total Revenues	13,558,138	10,505,306	24,063,444	12,307,238	11,620,284	23,927,522
Expenses						
General government	2,948,915	-	2,948,915	2,426,761	-	2,426,761
Public safety	6,113,034	-	6,113,034	5,071,225	-	5,071,225
Public works	2,761,627	-	2,761,627	2,567,114	-	2,567,114
Parks and recreation	1,004,782	-	1,004,782	1,050,365	-	1,050,365
Interest and fiscal chgs.	699,508	278,687	978,195	860,147	322,459	1,182,606
Utility	-	5,853,733	5,853,733	-	5,533,241	5,533,241
EMS	-	2,376,372	2,376,372	-	2,149,824	2,149,824
Total Expenses	13,527,866	8,508,792	22,036,658	11,975,612	8,005,524	19,981,136
Change in Net Position						
Before Transfers	30,272	1,996,514	2,026,786	331,626	3,614,760	3,946,386
Transfers	818,404	(818,404)	-	673,164	(673,164)	-
Total	818,404	(818,404)	-	673,164	(673,164)	-
Change in Net Position	848,676	1,178,110	2,026,786	1,004,790	2,941,596	3,946,386
Beginning Net Position	8,928,363	13,131,827	22,060,190	7,923,573	10,190,231	18,113,804
Ending Net Position	\$ 9,777,039	\$ 14,309,937	\$ 24,086,976	\$ 8,928,363	\$ 13,131,827	\$ 22,060,190

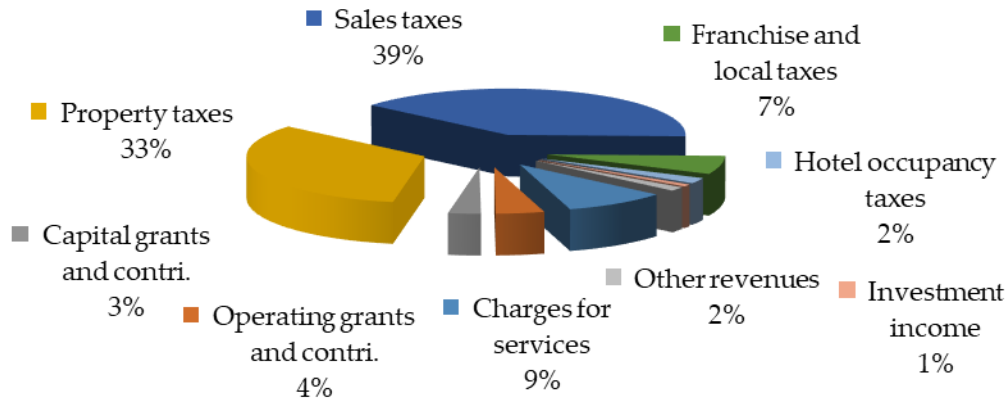
City of El Campo, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

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

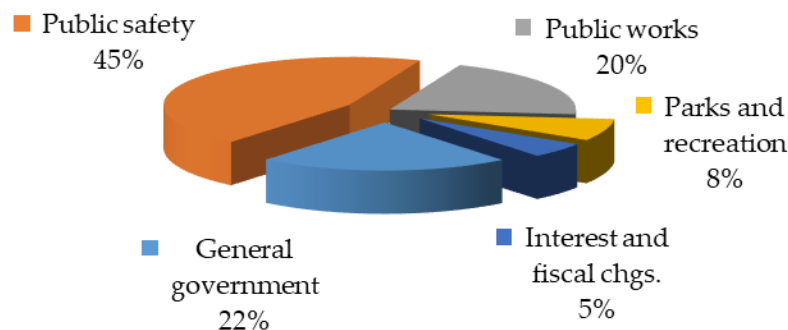
Governmental Activities - Revenues



For the year ended September 30, 2023, revenues from governmental activities totaled \$13,558,138. Property taxes and sales taxes are the City's largest general revenue sources. Overall revenue increased \$1,250,900 or 10% compared to the prior year. Grants and contributions increased by \$166,876 or 20% primarily due to nonrecurring state grants received through Operation Lone Star in the current year. Sales taxes increased by \$630,371 or 13% as a result of economic growth fueled by local purchases. Hotel occupancy taxes increased by \$98,081 or 57% due to greater hotel use by visiting tourists. Charges for services increased by \$105,557 or 9% primarily due to greater aquatic center fees and SRO contributions from the local school district in the current year. Investment income increased by \$92,769 or over 100% primarily due to greater interest-bearing accounts and the realization of higher interest rates over the course of the year. Other revenues increased by \$85,251 or 80% primarily due to nonrecurring lease settlements and interest refunds received in the current year. All other revenues remained relatively consistent with the previous year.

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



City of El Campo, Texas

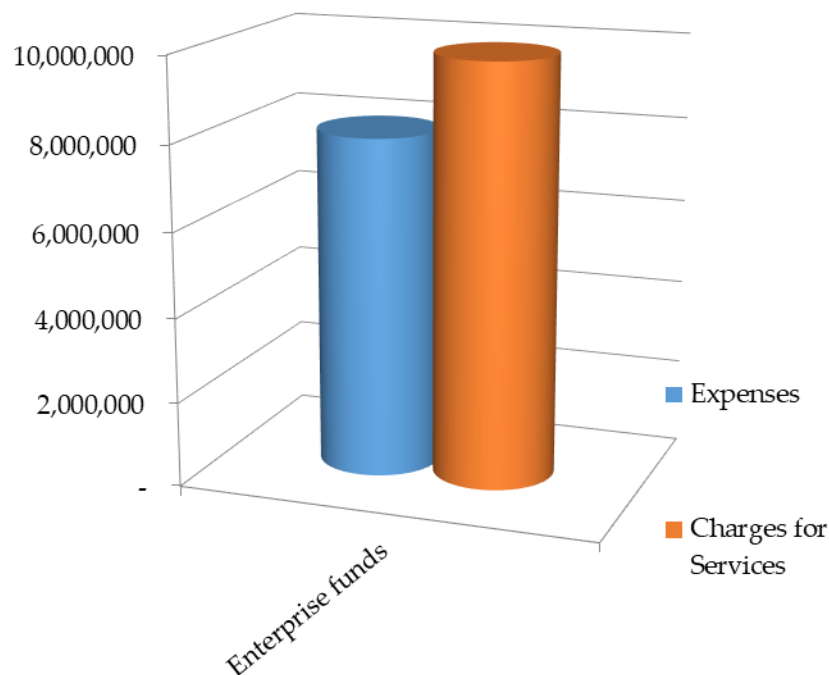
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

For the year ended September 30, 2023, expenses for governmental activities totaled \$13,527,866. This represents an increase of \$1,552,254 or 13% from the prior year. The City's largest functional expense is public safety of \$6,113,034, which increased by \$1,041,809 or 21%. This increase is primarily a result of public safety operations being used for Operation Lone Star in the current year, resulting in greater overtime paid and City resources being used compared to the prior year. General government expenses increased by \$522,154 or 22% due primarily to greater salaries and employee benefit expenses in the current year, resulting from pay raises and employee overtime. Public works increased by \$194,513 or 8% primarily due to greater personnel costs and nonrecurring street and vehicle maintenance in the current year. Interest and fiscal charges decreased by \$160,639 or 19% primarily due to nonrecurring bond issuance costs recognized in the prior year. All other expenses remained relatively consistent with the previous year.

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2023, charges for services by business-type activities totaled \$10,096,696. This represents an increase of \$199,885 or 2% from the previous year, which is considered minimal.

City of El Campo, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

Total expenses increased \$393,413 or 5%, to a total of \$8,508,792. This change was due primarily to new hires, greater wages/retirement expenses, increased garbage service contract expenses, and vehicle/equipment maintenance.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

At September 30, 2023, the City's governmental funds reported combined fund balances of \$6,561,264, an increase of \$1,170,058 in comparison with the prior year. Approximately 84% of this amount, \$5,541,933, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, \$26,679.

As of the end of the year the general fund reflected a total fund balance of \$5,669,543. Of this, \$26,679 is considered nonspendable and \$5,642,864 is unassigned. The general fund balance increased by \$879,971 compared to the budgeted decrease of \$221,950. The fund's increase was primarily due to a \$630,371 (or 13%) increase in sales tax revenues and an increase of \$470,620 (or over 100%) in intergovernmental grant revenue compared to the prior year. The City experienced local economic growth and received state grant funds through Operation Lone Star in the current year.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 55% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$5,642,864 is 54% of total general fund expenditures.

The debt service fund had an ending fund balance of \$354,164 at September 30, 2023, an increase of \$285,461. The increase was primarily a result of revenues exceeding debt service payments and transfers from other funds.

The 2004 bond fund had an ending fund deficit of \$51,305, an increase of \$2,800. The slight increase is a result of minimal investment income recognized during the year.

Nonmajor governmental funds had a total ending fund balance of \$588,862, a slight increase of \$1,826. The increase was primarily due to current year revenues and other financing sources exceeding expenditures.

City of El Campo, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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. Net position in the utility and sanitation EMS funds totaled \$13,538,192 and \$771,745, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to \$6,073,615. Total net position increased \$1,178,110. The funds had a total net investment in capital assets of \$8,236,322.

The following are additional comments regarding operations of the enterprise funds:

- Total operational expenses excluding depreciation and amortization were \$7,386,611.
- Total cash and cash equivalents in the enterprise funds was \$5,347,314 at fiscal yearend.

An internal service fund was established for the purpose of tracking and allocating expenses for information technology support services. Revenue consists of budgeted transfers from the general fund and the two enterprise funds. Expenses consist of computer consulting and software support expenses. The fund had an ending fund deficit of \$588,973 as of yearend.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments approved during the fiscal year. Total original budgeted expenditures increased by \$1,081,960 compared to the final budget. The increase was due to additional general government, public works, and public safety spending anticipated over the fiscal year. Total original budgeted revenues also increased by \$723,123 when preparing the final budget. There was a positive variance of \$418,803 for budgeted general fund revenues. The positive variance was primarily due to sales tax revenues exceeding estimates.

The following are additional comments regarding appropriations:

- There was a total positive variance of \$793,492 in budgeted expenditure appropriations. The variance was primarily due to a decrease in public safety, general government and capital outlay activities compared to estimates used for the budget.
- No departmental expenditures exceeded appropriations at the legal level of control, with the exception of transfers out.
- \$1,212,295 is the budget surplus of revenues over expenditures before other financing sources (uses).
- There was a total budget surplus after other financing sources (uses) of \$1,101,921.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$34,668,221 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$20,510,815 in a variety of capital assets and infrastructure, net of accumulated

City of El Campo, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2023

depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset events during the current year include the following:

- Acquired Pierce ladder truck for \$1,694,775.
- Purchased new public works vehicles through lease financing totaling \$428,531.
- Purchased public safety vehicles totaling \$166,800.
- Purchased police ballistic shields for \$103,050.
- CDBG GLO grant project investments totaling \$260,500.
- Investments in Friendship Park playground for \$121,819.
- Purchased 2023 Ford Silverhawk ambulance for \$118,811.
- Purchased F150 for emergency medical services for \$49,070.
- Hwy 71 water improvements amounting to \$2,373,341.
- Water and sewer facility improvements totaling \$152,810.
- Water tank rehabilitation improvements totaling \$212,474.

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

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of \$24,062,494. Of this amount, \$7,978,251 is self-supporting through revenues collected from the rates of the City's utility fund. During the year, the City issued new lease liabilities totaling \$428,531. The City made principal payments on outstanding debt totaling \$2,083,659 during the year. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of El Campo and improving services provided to their citizens. The City is budgeting for growth in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of El Campo, Finance Department, 315 E. Jackson St., El Campo, TX, 77437. A copy of the Annual Comprehensive Financial Report is available on the City's website at cityofelcampo.org.



FINANCIAL STATEMENTS

City of El Campo, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	CDC of El Campo, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 4,769,997	\$ 5,347,314	\$ 10,117,311	\$ 2,016,452
Investments	1,762,552	-	1,762,552	1,299,885
Receivables, net	1,744,192	1,561,117	3,305,309	211,857
Inventory	14,160	-	14,160	-
Prepays	12,519	8,684	21,203	-
Internal balances	(1,558,765)	1,558,765	-	-
Total Current Assets	6,744,655	8,475,880	15,220,535	3,528,194
Capital assets:				
Non-depreciable	2,841,359	3,257,397	6,098,756	357,128
Net depreciable capital assets	31,826,862	17,253,418	49,080,280	598,806
Noncurrent Assets	34,668,221	20,510,815	55,179,036	955,934
Total Assets	41,412,876	28,986,695	70,399,571	4,484,128
<u>Deferred Outflows of Resources</u>				
Pension outflows - TMRS	2,144,233	798,620	2,942,853	58,228
Pension outflows - TESRS	147,202	-	147,202	-
OPEB outflows	6,919	2,426	9,345	288
Deferred charge on refunding	77,087	16,312	93,399	-
Total Deferred Outflows	\$ 2,375,441	\$ 817,358	\$ 3,192,799	\$ 58,516

City of El Campo, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2023

	Primary Government			Component Unit
	Governmental	Business-Type		CDC of
	Activities	Activities	Total	El Campo, Inc.
<u>Liabilities</u>				
Current liabilities:				
Accounts payable				
and accrued liabilities	\$ 524,391	\$ 1,206,669	\$ 1,731,060	\$ 14,575
Unearned revenue	29,939	13,997	43,936	-
Accrued interest payable	622,875	49,250	672,125	-
Customer deposits	51,251	224,745	275,996	-
Compensated absences, current	306,234	86,605	392,839	-
Long term debt due within one year	1,200,328	982,488	2,182,816	-
Total Current Liabilities	2,735,018	2,563,754	5,298,772	14,575
Noncurrent liabilities:				
Compensated absences, noncurrent	34,026	9,623	43,649	-
Long-term debt, noncurrent	24,801,229	10,652,415	35,453,644	-
OPEB liability	234,355	82,180	316,535	9,763
Net pension liabilities	6,090,102	2,105,105	8,195,207	153,484
Noncurrent Liabilities	31,159,712	12,849,323	44,009,035	163,247
Total Liabilities	33,894,730	15,413,077	49,307,807	177,822
<u>Deferred Inflows of Resources</u>				
Deferred gain on refunding	43,230	55,609	98,839	-
Pension inflows - TMRS	724	270	994	20
Pension inflows - TESRS	845	-	845	-
OPEB inflows	71,749	25,160	96,909	2,989
Total Deferred Inflows	116,548	81,039	197,587	3,009
<u>Net Position</u>				
Net investment in capital assets	8,700,521	8,236,322	16,936,843	955,934
Restricted for:				
Debt service	354,164	-	354,164	-
Capital projects	80,757	-	80,757	-
Parks and recreation	266,747	-	266,747	-
Public safety	56,854	-	56,854	-
Public works	175,116	-	175,116	-
Municipal court	59,014	-	59,014	-
City development	-	-	-	3,405,879
Unrestricted	83,866	6,073,615	6,157,481	-
Total Net Position	\$ 9,777,039	\$ 14,309,937	\$ 24,086,976	\$ 4,361,813

See Notes to Financial Statements.

City of El Campo, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,948,915	\$ -	\$ 594,804	\$ -
Public safety	6,113,034	233,585	322	-
Public works	2,761,627	366,336	-	401,536
Parks and recreation	1,004,782	669,305	-	-
Interest and fiscal charges	699,508	-	-	-
Total Governmental Activities	<u>13,527,866</u>	<u>1,269,226</u>	<u>595,126</u>	<u>401,536</u>
Business-Type Activities				
Utility	6,132,420	7,680,832	-	-
EMS	2,376,372	2,415,864	-	109,855
Total Business-Type Activities	<u>8,508,792</u>	<u>10,096,696</u>	<u>-</u>	<u>109,855</u>
Total Primary Government	<u>\$ 22,036,658</u>	<u>\$ 11,365,922</u>	<u>\$ 595,126</u>	<u>\$ 511,391</u>
Component Unit				
CDC of				
El Campo, Inc.	\$ 801,248	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 801,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes

Property taxes

Sales taxes

Hotel occupancy taxes

Franchise and local taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	CDC of El Campo, Inc.
\$ (2,354,111)	\$ -	\$ (2,354,111)	\$ -
(5,879,127)	-	(5,879,127)	-
(1,993,755)	-	(1,993,755)	-
(335,477)	-	(335,477)	-
(699,508)	-	(699,508)	-
<u>(11,261,978)</u>	<u>-</u>	<u>(11,261,978)</u>	<u>-</u>
-	1,548,412	1,548,412	-
-	149,347	149,347	-
<u>-</u>	<u>1,697,759</u>	<u>1,697,759</u>	<u>-</u>
<u>(11,261,978)</u>	<u>1,697,759</u>	<u>(9,564,219)</u>	<u>-</u>
			(801,248)
			<u>(801,248)</u>
4,511,262	-	4,511,262	-
5,339,920	-	5,339,920	1,067,790
269,646	-	269,646	-
872,373	-	872,373	-
107,778	154,018	261,796	44,742
191,271	144,737	336,008	60,873
818,404	(818,404)	-	-
<u>12,110,654</u>	<u>(519,649)</u>	<u>11,591,005</u>	<u>1,173,405</u>
848,676	1,178,110	2,026,786	372,157
8,928,363	13,131,827	22,060,190	3,989,656
<u>\$ 9,777,039</u>	<u>\$ 14,309,937</u>	<u>\$ 24,086,976</u>	<u>\$ 4,361,813</u>

City of El Campo, Texas

BALANCE SHEET (Page 1 of 2)

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	2004 Bonds	Nonmajor Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,278,662	\$ 642,496	\$ 1,931,101	\$ 917,738
Investments	1,762,552	-	-	-
Taxes receivable, net	1,171,133	76,823	-	113,474
Accounts receivable, net	126,445	-	-	35,632
Grant receivable	220,685	-	-	-
Due from other funds	1,825,394	186,350	-	107,815
Inventories	14,160	-	-	-
Prepays	12,519	-	-	-
Total Assets	\$ 6,411,550	\$ 905,669	\$ 1,931,101	\$ 1,174,659
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 438,878	\$ -	\$ -	\$ 85,010
Deposits payable	10,601	-	-	40,650
Unearned revenue	29,939	-	-	-
Due to other funds	156,520	509,502	1,982,406	441,426
Total Liabilities	635,938	509,502	1,982,406	567,086
<u>Deferred Inflows of Resources</u>				
Unavailable revenue -				
Property taxes	106,069	42,003	-	-
Assessments	-	-	-	18,711
Total Deferred Inflows	106,069	42,003	-	18,711

**Total
Governmental
Funds**

\$	4,769,997
	1,762,552
	1,361,430
	162,077
	220,685
	2,119,559
	14,160
	12,519
\$	10,422,979

\$	523,888
	51,251
	29,939
	3,089,854
	3,694,932

	148,072
	18,711
	166,783

City of El Campo, Texas

BALANCE SHEET (Page 2 of 2)

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	2004 Bonds	Nonmajor Governmental Funds
<u>Fund Balances</u>				
Nonspendable for:				
Inventory	\$ 14,160	\$ -	\$ -	\$ -
Prepays	12,519	-	-	-
Restricted for:				
Debt service	-	354,164	-	-
Capital projects	-	-	-	80,757
Parks and recreation	-	-	-	266,747
Public safety	-	-	-	56,854
Public works	-	-	-	175,116
Municipal court	-	-	-	59,014
Unassigned	5,642,864		(51,305)	(49,626)
Total Fund Balances	5,669,543	354,164	(51,305)	588,862
Total Liabilities, Deferred				
Inflows, and Fund Balances	\$ 6,411,550	\$ 905,669	\$ 1,931,101	\$ 1,174,659

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$	14,160
	12,519
	354,164
	80,757
	266,747
	56,854
	175,116
	59,014
	5,541,933
	<hr/> 6,561,264 <hr/>
\$	<hr/> 10,422,979 <hr/> <hr/>



City of El Campo, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

Fund Balances - Total Governmental Funds	\$ 6,561,264
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	2,841,359
Capital assets - net depreciable	31,826,862
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	148,072
Street assessments	18,711
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.	
Deferred charge on refunding	77,087
Deferred gain on refunding	(43,230)
Pension outflows - TMRS	2,144,233
Pension inflows - TMRS	(724)
Pension inflows - TESRS	(845)
Pension outflows - TESRS	147,202
OPEB outflows	6,919
OPEB inflows	(71,749)
Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(588,973)
Some liabilities, including bonds payable, premiums, other long-term liabilities and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(622,875)
Bond premium	(965,528)
Compensated absences	(340,260)
Non-current liabilities due in one year	(1,200,328)
Non-current liabilities due in more than one year	(23,835,701)
Net pension liability - TMRS	(5,652,047)
Net pension liability - TESRS	(438,055)
OPEB liability - TMRS	(234,355)
Net Position of Governmental Activities	\$ 9,777,039

See Notes to Financial Statements.

City of El Campo, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	General	Debt Service	2004 Bonds	Nonmajor Governmental Funds
<u>Revenues</u>				
Property tax	\$ 2,803,234	\$ 1,621,994	\$ -	\$ 78,387
Sales tax	5,339,920	-	-	-
Franchise and local taxes	872,373	-	-	-
Transportation user fees	-	-	-	145,121
Hotel occupancy taxes	-	-	-	269,646
Charges for services	522,760	-	-	171,569
License, permits and fees	203,985	-	-	-
Intergovernmental	595,126	-	-	401,536
Fines and forfeitures	226,003	-	-	-
Investment income	99,254	3,124	2,800	2,600
Other revenue	81,269	97,386	-	12,616
Total Revenues	10,743,924	1,722,504	2,800	1,081,475
<u>Expenditures</u>				
Current:				
General government	2,168,284	-	-	121,597
Public safety	5,524,091	-	-	-
Parks and recreation	636,898	-	-	186,158
Public works	2,002,524	-	-	62,990
Debt Service:				
Principal	-	1,011,147	-	127,593
Interest and fiscal charges	-	568,335	-	181,301
Capital outlay	39,660	-	-	693,572
Total Expenditures	10,371,457	1,579,482	-	1,373,211
Excess (Deficiency) of Revenues	\$ 372,467	\$ 143,022	\$ 2,800	\$ (291,736)

Total Governmental Funds	
<hr/>	
\$	4,503,615
	5,339,920
	872,373
	145,121
	269,646
	694,329
	203,985
	996,662
	226,003
	107,778
	191,271
	<hr/>
	13,550,703
	<hr/>

	2,289,881
	5,524,091
	823,056
	2,065,514
	1,138,740
	749,636
	733,232
	<hr/>
	13,324,150
	<hr/>
\$	226,553

City of El Campo, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	General	Debt Service	2004 Bonds	Nonmajor Governmental Funds
Other Financing Sources (Uses)				
Lease related issuances	\$ 39,660	\$ -	\$ -	\$ 388,871
Transfers in	750,765	151,631	-	95,309
Transfers (out)	(282,921)	(9,192)	-	(190,618)
Total Other Financing Sources				
(Uses)	507,504	142,439	-	293,562
Net Change in Fund Balances	879,971	285,461	2,800	1,826
Beginning fund balances	4,789,572	68,703	(54,105)	587,036
Ending Fund Balances	\$ 5,669,543	\$ 354,164	\$ (51,305)	\$ 588,862

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 428,531
997,705

(482,731)

943,505

1,170,058

5,391,206

\$ 6,561,264



City of El Campo, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

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

Net changes in fund balances - total governmental funds	\$	1,170,058
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,219,383
Depreciation expense	(1,890,495)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,435
--	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	11,503
Accrued interest	5,533
Pension expense - TMRS	(274,996)
Pension expense - TERS	(53,347)
OPEB expense	(4,084)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 of premiums, discounts, and similar items when they are 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.

Lease related issuances	(428,531)
Amortization of debt premium	55,282
Amortization of deferred charge/loss on refunding	(10,687)
Principal payments on long-term debt	1,138,740

Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(97,118)

Change in Net Position of Governmental Activities	\$	848,676
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See Notes to Financial Statements.

City of El Campo, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2023

	Business-Type Activities			Governmental
		Emergency Medical Services	Total	Internal Service Fund
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 5,131,826	\$ 215,488	\$ 5,347,314	\$ -
Receivables, net	909,376	651,741	1,561,117	-
Due from other funds	1,148,472	410,293	1,558,765	-
Prepays	4,466	4,218	8,684	-
Total Current Assets	7,194,140	1,281,740	8,475,880	-
<u>Noncurrent Assets</u>				
Capital assets:				
Non-depreciable	3,257,397	-	3,257,397	-
Net depreciable capital assets	16,767,378	486,040	17,253,418	-
Total Noncurrent Assets	20,024,775	486,040	20,510,815	-
Total Assets	27,218,915	1,767,780	28,986,695	-
<u>Deferred Outflows of Resources</u>				
Pension outflows - TMRS	367,395	431,225	798,620	-
OPEB outflows	1,074	1,352	2,426	-
Deferred charge on refunding	16,312	-	16,312	-
Total Deferred Outflows	\$ 384,781	\$ 432,577	\$ 817,358	\$ -

City of El Campo, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities			Governmental Activities
	Emergency			Internal
	Medical			Service
	Utility	Services	Total	Fund
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,068,365	\$ 138,304	\$ 1,206,669	\$ 503
Accrued interest	49,250	-	49,250	-
Customer deposits	224,745	-	224,745	-
Unearned revenue	4,111	9,886	13,997	-
Due to other funds	-	-	-	588,470
Compensated absences, current	31,726	54,879	86,605	-
Debt obligations, current	959,689	22,799	982,488	-
Total Current Liabilities	2,337,886	225,868	2,563,754	588,973
<u>Noncurrent Liabilities</u>				
Compensated absences, noncurrent	3,525	6,098	9,623	-
Debt obligations, noncurrent	10,652,415	-	10,652,415	-
OPEB liability	36,380	45,800	82,180	-
Net pension liability	968,427	1,136,678	2,105,105	-
Total Noncurrent Liabilities	11,660,747	1,188,576	12,849,323	-
Total Liabilities	13,998,633	1,414,444	15,413,077	588,973
<u>Deferred Inflows of Resources</u>				
Deferred gain on refunding	55,609	-	55,609	-
Pension inflows - TMRS	124	146	270	-
OPEB inflows	11,138	14,022	25,160	-
Total Deferred Inflows	66,871	14,168	81,039	-
<u>Net Position</u>				
Net investment in capital assets	7,773,081	463,241	8,236,322	-
Unrestricted	5,765,111	308,504	6,073,615	(588,973)
Total Net Position	\$ 13,538,192	\$ 771,745	\$ 14,309,937	\$ (588,973)

See Notes to Financial Statements.

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City of El Campo, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities			Governmental Activities
	Utility	Emergency Medical Services	Total	Internal Service Fund
<u>Operating Revenues</u>				
Charges for services	\$ 7,680,832	\$ 2,415,864	\$ 10,096,696	\$ -
Other revenue	59,526	85,211	144,737	-
Total Operating Revenues	7,740,358	2,501,075	10,241,433	-
<u>Operating Expenses</u>				
Personnel services	1,099,213	1,742,234	2,841,447	-
Materials and supplies	91,595	137,231	228,826	44,630
Contractual services	3,551,887	250,574	3,802,461	127,984
Repairs and maintenance	351,199	122,228	473,427	227,934
Grant expenses	-	40,450	40,450	-
Depreciation	759,839	83,655	843,494	-
Total Operating Expenses	5,853,733	2,376,372	8,230,105	400,548
Operating Income (Loss)	1,886,625	124,703	2,011,328	(400,548)
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	153,663	355	154,018	-
Interest expense	(278,687)	-	(278,687)	-
Intergovernmental	-	109,855	109,855	-
Total Nonoperating Revenues (Expenses)	(125,024)	110,210	(14,814)	-
Income (Loss) Before Transfers	1,761,601	234,913	1,996,514	(400,548)
Transfers in	9,192	-	9,192	303,430
Transfers (out)	(662,331)	(165,265)	(827,596)	-
Change in Net Position	1,108,462	69,648	1,178,110	(97,118)
Beginning net position	12,429,730	702,097	13,131,827	(491,855)
Ending Net Position	\$ 13,538,192	\$ 771,745	\$ 14,309,937	\$ (588,973)

See Notes to Financial Statements.

City of El Campo, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2023

	Business-Type Activities			Governmental Activities
		Emergency Medical Services	Total	Internal Service Fund
	Utility			
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 7,587,954	\$ 2,543,794	\$ 10,131,748	\$ -
Receipts from interfund services used	-	-	-	110,065
Payments to suppliers	(3,651,441)	(338,436)	(3,989,877)	(413,495)
Payments to employees	(1,092,816)	(1,820,410)	(2,913,226)	-
Net Cash Provided (Used) by Operating Activities	2,843,697	384,948	3,228,645	(303,430)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers in	9,192	-	9,192	303,430
Transfers (out)	(662,331)	(165,265)	(827,596)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(653,139)	(165,265)	(818,404)	303,430
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital purchases	(2,974,762)	(191,725)	(3,166,487)	-
Capital grants	-	109,855	109,855	-
Principal paid on debt	(930,050)	(14,869)	(944,919)	-
Interest paid on debt	(331,857)	-	(331,857)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,236,669)	(96,739)	(4,333,408)	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	153,663	355	154,018	-
Net Cash Provided (Used) by Investing Activities	153,663	355	154,018	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,892,448)	123,299	(1,769,149)	-
Beginning cash and cash equivalents	7,024,274	92,189	7,116,463	-
Ending Cash and Cash Equivalents	\$ 5,131,826	\$ 215,488	\$ 5,347,314	\$ -

See Notes to Financial Statements.

City of El Campo, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities			Governmental Activities
				Internal Service Fund
	Utility	Emergency Medical Services	Total	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>				
Operating income (loss)	\$ 1,886,625	\$ 124,703	\$ 2,011,328	\$ (400,548)
Adjustments to reconcile operating income to net cash provided:				
Depreciation	759,839	83,655	843,494	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(133,187)	42,212	(90,975)	-
Prepays	598	19,747	20,345	-
Increase (Decrease) in:				
Accounts payable and accrued liab.	695,202	55,069	750,271	(12,947)
Compensated absences	-	(13,522)	(13,522)	-
Customer deposits	(19,894)	-	(19,894)	-
Unearned revenue	677	507	1,184	-
Due to other funds	-	-	-	110,065
Deferred inflows - OPEB liability	7,352	9,290	16,642	-
Deferred outflows - pension liability	(255,959)	(290,935)	(546,894)	-
Deferred outflows - OPEB liability	8,193	10,231	18,424	-
Deferred inflows - pension liability	(227,677)	(286,640)	(514,317)	-
OPEB liability	(16,751)	(20,611)	(37,362)	-
Net pension liability	582,834	651,242	1,234,076	-
Net Cash Provided (Used) by Operating Activities	\$ 2,843,697	\$ 384,948	\$ 3,228,645	\$ (303,430)

See Notes to Financial Statements.



City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of El Campo, Texas (the "City") was incorporated in 1905 and has adopted a Home Rule Charter. The City now operates under a council-manager form of government. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and can vote on all matters. The City provides the following services: public safety to include police, fire, and emergency medical services, highways and streets, water and wastewater, sanitation, recreation, public improvements, planning and zoning, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The City Development Corporation of El Campo, Inc. (the "CDC") is legally separate and presented as a discretely presented component unit. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

The City Development Corporation of El Campo, Inc.

The City Development Corporation of El Campo, Inc. (the "CDC") was created for the purpose of benefiting and accomplishing public purposes of the City by promoting, encouraging, and enhancing the creation of jobs in the City. This is to be achieved through assistance in the retention of existing businesses and industries and the attraction of new businesses and industries and aid in their development and growth. The CDC was incorporated under the Texas Development Corporation Act of 1979, as amended, and qualifies as a tax-exempt organization under Code Section 501(c)(4) of the Internal Revenue Code. All powers of the CDC are vested in the Board of Directors appointed by the City Council. The City is also able to impose its will on the CDC, including approving its operating budget. A separately issued financial report is available for the CDC. This report may be obtained by contacting the CDC.

C. Basis of Presentation - 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 while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and component units. Separate statements for each fund category; governmental and proprietary are presented. 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:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, hotel occupancy taxes, grants and donations, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and parks and recreation.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

2004 Bonds Fund

The 2004 bond fund accounts for the use of proceeds from the City's 2004 Certificates of Obligation and certain grant proceeds used in the capital projects.

The government reports the following major enterprise funds:

Utility Fund

This utility fund accounts for activities of the City related to its sewage treatment plant, water distribution system, and garbage collection.

Emergency Medical Services Fund

This fund accounts for activities of the City related to providing emergency medical services to the residents and visitors of the City. This fund utilizes ambulance revenues,

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

interest, and contributions from the Wharton County Emergency Services District #4 to fund this service.

Additionally, the City reports for the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes other than debt service or capital projects.

Capital Projects Fund

This fund is used to account for the acquisition and construction of certain major capital facilities.

Internal Service Fund

The internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

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 and 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.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

E. 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.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

The 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*. Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, special revenue, water & sewer, and sanitation funds. In the current year, annual budgets were adopted for all funds, with the exception of the capital projects fund, municipal court building security fund, TRZ fund, street paving fund, CDBG GLO grant, and the 2004 Bond fund.

Forty-five (45) days prior to the end of the fiscal year the City Manager submits the proposed annual budget and explanatory budget message to the City Council. The budget must be adopted by the twenty-seventh (27th) day of September or the budget, as submitted by the City Manager, will be deemed to have been adopted. The City Charter requires that the budget set out the proposed expenditures by function, department, and activity, by character and object. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the function level (i.e. public safety or public works, etc.)

Appropriations in all budgeted funds lapse at the end of the fiscal year.

G. Assets, Liabilities, and Fund Equity or Net Position

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

1. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

2. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts. Delinquent accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 70% of outstanding property taxes as of September 30, 2023.

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). Inventories of supplies to be used internally are valued at cost using the first-in/first-out method. Inventories to be resold are valued at the lower of cost or market, and removed using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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 columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Buildings	15 - 40 years
Water works	5 - 40 years
Sewer system	5 - 40 years
Infrastructure	20 - 50 years
Machinery and equipment	4 - 15 years

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The

City of El Campo, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, grants, and hotel taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

6. Net Position Flow Assumptions

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.

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

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
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remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The City Council has by resolution authorized the City Manager or his/her designee to assign fund balance. The assignments can be made by the City Council of any amount and by the City Manager or his/her designee in an amount not to exceed \$500,000. Unlike commitments, assignments generally only exist temporarily and a formal action by the City Council does not have to occur to remove the assignment.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Also, for purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the El Campo Firemen's Relief and Retirement Fund additions to/deductions from the plan's Fiduciary Net Position have been determined on the same basis as they are reported by the plan's actuary. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the City of El Campo Retiree Health Care Plan. The retiree health care plan covers both active and retiree benefits with no segregation of assets, therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the plan is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the plan is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The retired employees can participate in the City's health care plan by paying the full amount of the premiums. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

13. Leases

Lessee: The City is a lessee of noncancellable leases of vehicles and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

14. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

H. 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.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

All full-time employees accumulate personal benefits in varying annual amounts up to a maximum allowable accumulation based on years of service. In the event of termination, an employee is reimbursed for all accumulated personal days up to the maximum accrued time. Sick leave benefits are earned by all full-time employees at a rate of 12 days per year and may be accumulated to a maximum of 960 hours. City personnel policies state that unused sick leave benefits will be paid to employees upon termination at a rate of \$5 per hour up to a maximum of 960 hours.

All compensated absences pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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 and sewer fund are charges to customers for sales and services. The water and sewer 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 fund includes 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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Civic Center Fund, and Transportation User Fee Fund. In fiscal year 2023, annual budgets were not adopted for the capital projects fund, municipal court building security fund, TRZ fund, street paving fund, CDBG GLO grant, and the 2004 Bond fund.

The annual budget must specify appropriations for capital expenditures and for expenditures directed by the City Council for services and for the operation of the City. It must comply with funding requirements of bond covenants. City department directors and officers shall submit budget requests for the next fiscal year to, and as directed by, the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council at least 45 days prior to the end of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than 15 days prior to the beginning of the fiscal year.

The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the function level.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A. Excess of Expenditures Over Appropriations

For the current year ended, actual expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
Transfers (out)	\$	39,423
Debt Service Fund		
Transfers (out)	\$	9,192
Hotel/Motel Tax Fund		
General government	\$	70,597
Civic Center Fund		
Parks and recreation	\$	16,658
Transportation User Fee Fund		
Capital outlay	\$	388,871
Principal		74,917
Interest and fiscal charges		7,695
CDBG GLO Grant Fund		
Capital outlay	\$	264,460

B. Deficit Fund Balances

As of September 30, 2023, the City of El Campo had three funds with a deficit fund balance. The 2004 bond fund, the TRZ fund, the CDBG GLO grant fund, and the internal service fund had a deficit fund balance of \$51,305, \$28,698, \$20,928, and \$588,973 respectively. The deficits will be eliminated in the future with a reduction of expenditures, increased revenue, or through reimbursements from other funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.G.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. As of September 30, 2023, the City's only investments were certificates of deposits, with maturities greater than three months, and external investment pools.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The City had the following investments at year end:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 1,762,552	1.59
External investment pools	602,682	0.11
Total	\$ 2,365,234	
Portfolio weighted average maturity		1.21

The CDC had the following investments at year end:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 1,299,885	0.45
Total	\$ 1,299,885	
Portfolio weighted average maturity		0.45

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in nonoperating funds to less than five years from the time of purchase. The weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase.

Credit risk It is the City's policy to limit its investments to those with ratings of not less than A or its equivalent. The City's investments in the public funds investment pools include those with the LOGIC and TexasCLASS investment pools. These pools operate in full compliance with the Public Funds Investment Act. The LOGIC and TexasCLASS investment pools are rated AAAM by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. As of September 30, 2023, the market values of pledged securities and FDIC insurance exceeded bank balances of the City.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

LOGIC

LOGIC is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise. Standard & Poor's rates Local Government Investment Cooperative (LOGIC) 'AAAm'. This is Standard & Poor's highest principal stability fund rating and is based on an analysis of the pool's investment portfolio and guidelines, market price exposure, and management. The rating demonstrates that the pool has an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. LOGIC has a conservative investment policy and invests in only authorized investments under the Texas Public Funds Investment Act. To ensure an accurate and current rating, Standard & Poor's monitors pertinent pool information, including the fund's portfolio holdings, on a weekly basis. There are no limitations or restrictions on participant withdrawals.

TexasCLASS

The Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS") was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Finally, Standard & Poor's rate Texas CLASS AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

B. Receivables

The following tables comprise the receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental Funds	Utility	EMS	Total
Property taxes	\$ 381,160	\$ 124,683	\$ -	-	\$ -	\$ 505,843
Hotel taxes	-	-	113,474	-	-	113,474
Sales taxes	1,059,725	-	-	-	-	1,059,725
Grants	220,685	-	-	-	-	220,685
Accounts receivable	126,445	-	35,632	926,303	1,448,313	2,536,693
Other	3,330	34,011	-	-	-	37,341
Allowance	(273,082)	(81,871)	-	(16,927)	(796,572)	(1,168,452)
	<u>\$ 1,518,263</u>	<u>\$ 76,823</u>	<u>\$ 149,106</u>	<u>\$ 909,376</u>	<u>\$ 651,741</u>	<u>\$ 3,305,309</u>

The following comprise receivables balances of the City's discretely presented component unit at year end:

	CDC
Sales tax	<u>\$ 211,857</u>
	<u>\$ 211,857</u>

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,566,256	\$ -	\$ -	\$ 1,566,256
Construction in progress	2,695,055	274,824	(1,694,775)	1,275,104
Total capital assets not being depreciated	<u>4,261,311</u>	<u>274,824</u>	<u>(1,694,775)</u>	<u>2,841,360</u>
Capital assets, being depreciated:				
Machinery and equipment	8,087,929	944,559	1,694,775	10,727,263
Buildings	26,173,101	-	-	26,173,101
Infrastructure	30,950,229	-	-	30,950,229
Right to use assets	622,902	-	-	622,902
Total capital assets being depreciated	<u>65,834,161</u>	<u>944,559</u>	<u>1,694,775</u>	<u>68,473,495</u>
Less accumulated depreciation:				
Machinery and equipment	(6,192,011)	(480,566)	-	(6,672,577)
Buildings	(7,321,408)	(626,257)	-	(7,947,665)
Infrastructure	(21,081,409)	(726,890)	-	(21,808,299)
Right to use assets	(161,311)	(56,782)	-	(218,093)
Total accumulated depreciation	<u>(34,756,139)</u>	<u>(1,890,495)</u>	<u>-</u>	<u>(36,646,634)</u>
Net capital assets being depreciated	31,078,022	(945,936)	1,694,775	31,826,861
Total Capital Assets	<u><u>\$ 35,339,333</u></u>	<u><u>\$ (671,112)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,668,221</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 110,596
Public safety	514,172
Public works	1,107,756
Parks and recreation	157,971
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,890,495</u></u>

The net book value of right to use assets was \$404,809 as of September 30, 2023.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 75,548	\$ 12,536	\$ -	\$ 88,084
Construction in progress	329,125	2,840,188	-	3,169,313
Total capital assets not being depreciated	<u>404,673</u>	<u>2,852,724</u>	<u>-</u>	<u>3,257,397</u>
Capital assets, being depreciated:				
Machinery and equipment	4,290,379	296,713	-	4,587,092
Buildings	2,233,634	-	-	2,233,634
Water works system	17,414,952	-	-	17,414,952
Sewer system	12,024,935	17,050	-	12,041,985
Right to use assets	3,453,946	-	-	3,453,946
Total capital assets being depreciated	<u>39,417,846</u>	<u>313,763</u>	<u>-</u>	<u>39,731,609</u>
Less accumulated depreciation:				
Machinery and equipment	(3,806,908)	(94,492)	-	(3,901,400)
Buildings	(1,903,306)	(43,852)	-	(1,947,158)
Water works system	(8,858,147)	(337,758)	-	(9,195,905)
Sewer system	(6,774,258)	(275,058)	-	(7,049,316)
Right to use assets	(292,078)	(92,334)	-	(384,412)
Total accumulated depreciation	<u>(21,634,697)</u>	<u>(843,494)</u>	<u>-</u>	<u>(22,478,191)</u>
Net capital assets being depreciated	<u>17,783,149</u>	<u>(529,731)</u>	<u>-</u>	<u>17,253,418</u>
Total Capital Assets	<u><u>\$ 18,187,822</u></u>	<u><u>\$ 2,322,993</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,510,815</u></u>

Depreciation was charged to business-type functions as follows:

Utility	\$ 759,839
EMS	83,655
Total Business-Type Activities Depreciation Expense	<u><u>\$ 843,494</u></u>

The net book value of right to use assets was \$3,069,534 as of September 30, 2023.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 266,309	\$ -	\$ -	\$ 266,309
Construction in progress	-	90,819	-	90,819
Total capital assets not being depreciated	<u>266,309</u>	<u>90,819</u>	<u>-</u>	<u>357,128</u>
Capital assets, being depreciated:				
Buildings	941,081	40,387	-	981,468
Office equipment	16,840	-	-	16,840
Total capital assets being depreciated	<u>957,921</u>	<u>40,387</u>	<u>-</u>	<u>998,308</u>
Less accumulated depreciation:				
Buildings	(357,581)	(25,081)	-	(382,662)
Infrastructure	(16,840)	-	-	(16,840)
Total accumulated depreciation	<u>(374,421)</u>	<u>(25,081)</u>	<u>-</u>	<u>(399,502)</u>
Net capital assets being depreciated	<u>583,500</u>	<u>15,306</u>	<u>-</u>	<u>598,806</u>
Total Capital Assets	<u><u>\$ 849,809</u></u>	<u><u>\$ 106,125</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 955,934</u></u>

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

D. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government and component unit during the year. In general, the City uses the general and utility funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 351,763	\$ -	\$ (11,503)	\$ 340,260	\$ 306,234
Total Governmental Activities	<u>\$ 351,763</u>	<u>\$ -</u>	<u>\$ (11,503)</u>	<u>\$ 340,260</u>	<u>\$ 306,234</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 34,026</u>	
Business-Type Activities:					
Compensated Absences	\$ 109,750	\$ -	\$ (13,522)	\$ 96,228	\$ 86,605
Total Business-Type Activities	<u>\$ 109,750</u>	<u>\$ -</u>	<u>\$ (13,522)</u>	<u>\$ 96,228</u>	<u>\$ 86,605</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 9,623</u>	

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 13,003,861	\$ -	\$ (572,552)	\$ 12,431,309	\$ 600,952
Certificates of Obligation	3,715,554	-	(192,620)	3,522,934	197,115
Tax Notes	171,600	-	(41,600)	130,000	41,600
State infrastructure bank loan	7,987,516	-	(52,676)	7,934,840	95,958
Premiums	1,020,810	-	(55,282)	965,528	-
Lease payables	531,132	428,531	(147,905)	811,758	174,159
Notes payable	336,575	-	(131,387)	205,188	90,544
Total Governmental Activities	\$ 26,767,048	\$ 428,531	\$ (1,194,022)	\$ 26,001,557	\$ 1,200,328
Long-term liabilities due in more than one year				\$ 24,801,229	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 4,806,139	\$ -	\$ (622,448)	\$ 4,183,691	\$ 659,048
Certificates of Obligation	3,809,940	-	(135,380)	3,674,560	135,885
Tax Notes	158,400	-	(38,400)	120,000	38,400
Premiums	558,095	-	(49,062)	509,033	-
Lease payables	3,276,144	-	(128,525)	3,147,619	149,155
Notes payable	20,166	-	(20,166)	-	-
Total Business-Type Activities	\$ 12,628,884	\$ -	\$ (993,981)	\$ 11,634,903	\$ 982,488
Long-term liabilities due in more than one year				\$ 10,652,415	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$5,000,000 General Obligation Refunding Bond, Series 2015, due in installments through 2045, interest at 4%	\$ 4,260,000	\$ -	\$ 4,260,000
\$7,640,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2046, interest at 2.59%	4,630,000	1,420,000	6,050,000
\$3,245,000 General Obligation Refunding Bonds, Series 2021, due in installments through 2032, interest at 1% to 3%	700,569	1,509,430	2,209,999
\$1,035,000 General Obligation Refunding Bonds, Series 2019, due in installments through 2030, interest at 4% to 5%	-	920,000	920,000
\$1,660,000 General Obligation Refunding Bonds, Series 2021A, due in installments through 2033, interest at 3% to 4%	1,170,740	334,261	1,505,001
\$1,660,000 General Obligation Refunding Bonds, Series 2021A, due in installments through 2033, interest at 3% to 4%	1,670,000	-	1,670,000
Total General Obligation Bonds	\$ 12,431,309	\$ 4,183,691	\$ 16,615,000
Certificates of Obligation:			
\$2,890,000 Certificates of Obligation, Series 2014, due in annual installments through 2039 interest at 2% to 4%	\$ 1,864,280	\$ 225,720	\$ 2,090,000
\$375,000 Certificates of Obligation, Series 2014A, due in annual installments through 2024 interest at .25% to 1.07%	-	38,000	38,000
\$2,710,000 Certificates of Obligation, Series 2015A, due in annual installments through 2035, interest at 3.25%	1,658,654	185,840	1,844,494
\$150,000 Certificates of Obligation, Series 2015, due in annual installments through 2025, interest at .13% to 1.21%	-	30,000	30,000
\$3,320,000 Certificates of Obligation, Series 2021, due in annual installments through 2041, interest at 4% to 5%	-	3,195,000	3,195,000
Total Certificates of Obligation	\$ 3,522,934	\$ 3,674,560	\$ 7,197,494

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

	Governmental Activities	Business - Type Activities	Total
Tax Notes:			
\$570,000 Tax Note, 2019, due in annual installments through 2026, interest at 1.09%	\$ 130,000	\$ 120,000	\$ 250,000
Total Tax Notes	\$ 130,000	\$ 120,000	\$ 250,000
Loans:			
\$8,000,000 SIB Loan, 2015, due in annual installments through 2039, interest at 2.08%	\$ 7,934,840	\$ -	\$ 7,934,840
Total Loans	\$ 7,934,840	\$ -	\$ 7,934,840
Less deferred amounts:			
Discounts and premiums	\$ 965,528	\$ 509,033	\$ 1,474,561
Leases and Notes Payable:			
\$250,415 note payable to Prosperity Bank, due in monthly installments of \$3,741 through 2025, interest at 2.40%	\$ 98,196	\$ -	\$ 98,196
\$388,871 lease payables to Caterpillar, due in monthly installments of \$5,496 through 2030, interest at 5.00%	388,871	-	388,871
\$89,680 note payable to Prosperity Bank, due in monthly installments of \$2,614 through 2023, interest at 3.10%	-	-	-
\$188,027 note payable to Prosperity Bank, due in monthly installments of \$3,390 through 2025, interest at 3.10%	84,938	-	84,938
\$135,161 lease payable to John Deere, due in annual installments of \$33,790 through 2024, interest at 2.75%	33,790	-	33,790
\$572,908 lease payable to Enterprise Fleet, due in monthly installments through 2027, interest at 3.00%	176,892	-	176,892
\$79,810 lease payable to Zoll Medical, due in annual installments of \$15,962 through 2023, interest at 2.90%	-	22,799	22,799
\$3,374,136 lease payable to Bank of America, due in semi-annual installments through 2035, interest at 2.10%	-	3,124,820	3,124,820
Subtotal Leases and Notes Payable	\$ 782,687	\$ 3,147,619	\$ 3,930,306

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

	Governmental Activities	Business - Type Activities	Total
Leases and Notes Payable (Continued):			
\$35,859 note payable to First State Bank, due in monthly installments of \$774 through 2026, interest at 1.75%	\$ 22,710	\$ -	\$ 22,710
\$265,628 lease payables to Caterpillar, due in monthly installments of \$2,708 through 2027, interest from 2.99% to 4.40%	211,549	-	211,549
Total Lease and Notes Payable	\$ 1,016,946	\$ 3,147,619	\$ 4,164,565
Total Debt	\$ 26,001,557	\$ 11,634,903	\$ 37,636,460

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Governmental Activities						
Year ending September 30,	General Obligation Bonds		Certificates of Obligation		Tax Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 600,952	\$ 397,445	\$ 197,115	\$ 128,583	\$ 41,600	\$ 2,075
2025	521,326	375,861	206,070	120,943	44,200	12,060
2026	537,910	359,043	215,025	112,521	44,200	420
2027	558,386	346,038	215,060	103,919	-	-
2028	535,100	333,720	219,555	95,227	-	-
2029 - 2033	2,932,635	1,430,766	1,290,115	338,956	-	-
2034 - 2038	2,515,000	978,131	1,023,894	105,092	-	-
2039 - 2043	2,870,000	486,725	156,100	2,829	-	-
2044 - 2048	1,360,000	59,050	-	-	-	-
Total	\$ 12,431,309	\$ 4,766,779	\$ 3,522,934	\$ 1,008,070	\$ 130,000	\$ 14,555

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Governmental Activities

Year ending September 30,	SIB Loan	
	Principal	Interest
2024	\$ 95,958	\$ 172,510
2025	141,587	170,514
2026	185,102	167,569
2027	227,586	163,719
2028	271,467	158,985
2029 - 2033	2,041,509	692,245
2034 - 2038	3,579,225	421,152
2039 - 2043	1,392,406	52,832
Total	\$ 7,934,840	\$ 1,999,526

Lease Payables

The annual requirements to amortize the primary government's lease payables outstanding at year end were as follows:

Year ending September 30,	Governmental Activities		Business-Type Activities	
	Lease Payables		Lease Payables	
	Principal	Interest	Principal	Interest
2024	\$ 174,159	\$ 27,668	\$ 149,155	\$ 64,845
2025	137,892	22,268	164,514	61,252
2026	142,510	17,649	180,233	57,767
2027	174,034	12,270	196,748	53,952
2028	58,105	7,850	214,044	49,792
2028 - 2032	125,058	6,629	1,359,537	173,262
2033 - 2037	-	-	883,388	28,048
Total	\$ 811,758	\$ 94,334	\$ 3,147,619	\$ 488,918

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Notes Payable

The annual requirements to amortize the primary government's notes payable outstanding at year end were as follows:

Year ending September 30,	Governmental Activities	
	Notes Payable	
	Principal	Interest
2024	\$ 90,544	\$ 4,324
2025	92,973	1,896
2026	21,671	94
2027	-	-
Total	\$ 205,188	\$ 6,314

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Business-Type Activities						
Year ending September 30,	General Obligation Bonds		Certificates of Obligation		Tax Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 659,048	\$ 141,098	\$ 135,885	\$ 106,041	\$ 38,400	\$ 1,915
2025	563,674	120,539	178,930	100,292	40,800	1,163
2026	577,089	98,982	174,975	87,092	40,800	388
2027	606,615	75,365	179,940	79,993	-	-
2028	544,900	50,739	185,445	72,686	-	-
2029 - 2033	1,232,365	45,691	1,039,885	258,619	-	-
2034 - 2038	-	-	1,116,105	127,673	-	-
2039 - 2043	-	-	663,395	19,893	-	-
Total	\$ 4,183,691	\$ 532,414	\$ 3,674,560	\$ 852,289	\$ 120,000	\$ 3,466

F. Deferred Charge/Gain on Refunding

Deferred charges resulting from the issuance of the 2019 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities and business-type activity totaled \$77,087 and \$16,312, respectively. Current year amortization expense for governmental activities and business-type activities totaled \$15,418 and \$2,331, respectively.

A deferred gain resulting from the issuance of the 2021 and 2021A general obligation refunding bonds has been recorded as a deferred inflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

governmental activities and business-type activity totaled \$43,230 and \$55,609, respectively. Current year amortization expense for governmental activities and business-type activities totaled \$4,731 and \$6,442, respectively.

G. Interfund Transfers

Transfers between the primary government funds during the 2023 year were as follows:

Transfers In:	Transfers Out:					
	General	Debt Service	Nonmajor Govt.	Utility	EMS	Total
General	\$ -	\$ -	\$ 95,309	\$ 600,331	\$ 55,125	\$ 750,765
Debt service fund	48,921	-	-	-	102,710	151,631
Nonmajor govt.	-	-	95,309	-	-	95,309
Internal service fund	234,000	-	-	62,000	7,430	303,430
Utility fund	-	9,192	-	-	-	9,192
Total	\$ 282,921	\$ 9,192	\$ 190,618	\$ 662,331	\$ 165,265	\$ 1,310,327

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various operating capital expenditures and principal and interest payments.

The compositions of interfund balances as of year end were as follows:

Due to (Payable fund):	Due from (Receivable fund):					Total
	General	Debt Service	Nonmajor Govt	Utility	EMS	
General	\$ -	\$ -	\$ 107,815	\$ 45,874	\$ 2,831	\$ 156,520
Debt service	483,843	-	-	-	25,659	509,502
2004 Bond	1,323,963	-	-	658,443	-	1,982,406
Internal service	-	-	-	423,227	165,243	588,470
Nonmajor govt.	17,588	186,350	-	20,928	216,560	441,426
	\$ 1,825,394	\$ 186,350	\$ 107,815	\$ 1,148,472	\$ 410,293	\$ 3,678,324

I. Restricted Net Position / Fund Balance

The City records restricted net position / fund balance to indicate that a portion is legally restricted for a specific future use.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The following is a list of restricted, committed, and assigned fund balance of the City:

	Governmental Funds	Governmental Net Position
Restricted for:		
Debt service	\$ 354,164	\$ 354,164
Capital projects	80,757	80,757
Parks and recreation	266,747	266,747
* Public safety	56,854	56,854
Public works	175,116	175,116
* Municipal court	59,014	59,014
Total Restricted	<u>\$ 992,652</u>	<u>\$ 992,652</u>

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2023, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

C. Defined Benefit Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of El Campo participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Plan provisions for the City were as follows:

	<u>Plan Year 2022</u>	<u>Plan Year 2021</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

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	82
Inactive employees entitled to but not yet receiving benefits	72
Active employees	115
Total	269

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of El Campo were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of El Campo were 14.30% and 13.73% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$986,419, and were equal to the required contributions.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of

City of El Campo, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

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

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, \$7,575,152 is related to the primary government and \$153,484 is attributable to discretely presented component units.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

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

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,957,564	\$ 7,757,152	\$ 3,494,365

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 256,380	\$ 153,484	\$ 69,140

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 13,213,944	\$ 7,910,636	\$ 3,563,505

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Total Net Pension Liability (Asset) (a) – (b)	Primary Government	Component Unit
Balance at 12/31/21	\$ 37,208,401	\$ 33,749,963	\$ 3,458,438	\$ 3,391,337	\$ 67,101
Changes for the year:					
Service cost	938,194	-	938,194	919,991	18,203
Interest	2,487,933	-	2,487,933	2,439,662	48,271
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(51,950)	-	(51,950)	(50,942)	(1,008)
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	912,927	(912,927)	(895,214)	(17,713)
Contributions – employee	-	465,440	(465,440)	(456,409)	(9,031)
Net investment income	-	(2,460,509)	2,460,509	2,412,770	47,739
Benefit payments, including refunds of emp. contributions	(1,638,470)	(1,638,470)	-	-	-
Administrative expense	-	(21,319)	21,319	20,905	414
Other changes	-	25,440	(25,440)	(24,946)	(494)
Net changes	1,735,707	(2,716,491)	4,452,198	4,365,815	86,383
Balance at 12/31/22	<u>\$ 38,944,108</u>	<u>\$ 31,033,472</u>	<u>\$ 7,910,636</u>	<u>\$ 7,757,152</u>	<u>\$ 153,484</u>

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.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 \$1,394,853. Of this amount, \$1,367,790 is related to the primary government and \$27,063 is attributable to discretely presented component unit.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ 2,075,998	\$ -
Changes in assumptions	-	(994)
Differences between expected and actual economic experience	155,932	-
Contributions subsequent to the measurement date	710,925	-
Component Unit:		
Difference between projected and actual investment earnings	41,076	-
Changes in assumptions	-	(20)
Differences between expected and actual economic experience	3,085	-
Contributions subsequent to the measurement date	14,067	-
Total	\$ 3,001,083	\$ (1,014)

The primary government and component unit reported \$710,925 and \$14,065, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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

	Primary	Discretely Presented	
Year ended December 31:	Government	Component Units	Total
2023	\$ 164,217	\$ 3,249	\$ 167,466
2024	573,534	11,348	584,882
2025	567,074	11,220	578,294
2026	926,111	18,324	944,435
2027	-	-	-
Thereafter	-	-	-
	\$ 2,230,936	\$ 44,141	\$ 2,275,077

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

2. Texas Emergency Services Retirement System

Plan Description

The Fire Fighter's Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2023, there were 241 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2023, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,929
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,689
Active Participants (Vested and Nonvested)	<u>3,343</u>
Total	<u>8,958</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2023, total contributions (dues and prior service) of \$3,736,446 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2023.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The most recently completed biennial actuarial valuation as of August 31, 2022 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

To the best of our knowledge, the actuarial information supplied in this section is complete, accurate and in compliance with GASB Statement No. 25. In our opinion, the assumptions used are reasonably related to the experience of the System and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the System over the long-term future, and their selection complies with the appropriate actuarial standards of practice.

Valuation Date	<u>August 31, 2018</u>	<u>August 31, 2020</u>	<u>August 31, 2022</u>
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar, open	Level dollar, open	Level dollar, open
Amortization	30 years	30 years	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:			
Investment Rate of Return *	7.75% per year, net of investment expenses	7.75% per year, net of investment expenses	7.50% per year, net of investment expenses
Projected Salary Increases *	N/A	N/A	N/A
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	None	None	None

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Master limited partnership	5%	6.61%
Real Estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0%
Total	100.0%	4.61%

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

The City's net pension liability was measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 8/31/22	\$ 1,673,602	\$ 1,258,377	\$ 415,225
Changes for the year:			
Service Cost	16,415	-	16,415
Interest (on the Total Pension Liab.)	123,514	-	123,514
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – members	-	37,813	(37,813)
Contributions – state	-	12,779	(12,779)
Net investment income	-	70,050	(70,050)
Benefit payments, including refunds of emp. contributions	(86,337)	(86,337)	-
Administrative expense	-	(3,543)	3,543
Proportion changes	-	-	-
Net changes	53,592	30,762	22,830
Balance at 8/31/23	\$ 1,727,194	\$ 1,289,139	\$ 438,055

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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease 6.5%	Current Single Rate Assumption 7.5%	1% Increase 8.5%
\$ 678,310	\$ 438,055	\$ 243,201

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TESRS financial report. That report may be obtained on the internet at www.tesrs.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$103,653.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual economic experience	\$ 6,397	\$ -
Difference between projected and investment earnings	131,063	-
Change in actuarial assumptions	-	(845)
Changes in pension proportion	9,742	-
Total	\$ 147,202	\$ (845)

Other amounts reported as deferred outflows related to the TESRS pension will be recognized in pension expense as follows:

Year ended August 31:

2024	\$ 34,651
2025	35,969
2026	62,379
2027	4,765
2028	287
Thereafter	8,306
	<u>\$ 146,357</u>

Pension Plans Summary Table:

	TMRS Defined Benefit Pension Plan	Texas Emergency Services Retirement System	Total
Pension expense	\$ 1,394,853	\$ 103,653	\$ 1,498,506
Net pension liability	\$ 7,910,636	\$ 438,055	\$ 8,348,691
Deferred outflows	\$ 3,001,081	\$ 147,202	\$ 3,148,283
Deferred inflows	\$ (1,014)	\$ (845)	\$ (1,859)

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

3. Other Post-Employment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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 postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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.

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	53
Inactive employees entitled to but not yet receiving benefits	16
Active employees	115
Total	184

The City's contributions to the TMRS SDBF for the years ended 2023, 2022 and 2021 were \$12,679, \$10,279, and \$7,843 respectively, which equaled the required contributions each year.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.06%	0.15%	100.0%
2022	0.15%	0.16%	100.0%
2023	0.16%	0.19%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability (asset) 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:

Primary Government

1% Decrease	Current Single Rate	1% Increase
3.05%	Assumption 4.05%	5.05%
\$ 372,726	\$ 316,535	\$ 272,051

Component Unit

1% Decrease	Current Single Rate	1% Increase
3.05%	Assumption 4.05%	5.05%
\$ 11,496	\$ 9,763	\$ 8,391

Total

1% Decrease	Current Single Rate	1% Increase
3.05%	Assumption 4.05%	5.05%
\$ 384,222	\$ 326,298	\$ 280,442

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Total OPEB Liability:

	Total OPEB Liability	Component Unit	Primary Government
Balance at 12/31/21	\$ 457,644	\$ 13,693	\$ 443,951
Changes for the year:			
Service Cost	21,277	637	20,640
Interest	8,519	255	8,264
Difference between expected and actual experience	(326)	(10)	(316)
Changes of assumptions	(150,177)	(4,493)	(145,684)
Benefit payments	(10,639)	(318)	(10,321)
Net changes	(131,346)	(3,930)	(127,416)
Balance at 12/31/22	<u>\$ 326,298</u>	<u>\$ 9,763</u>	<u>\$ 316,535</u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$18,811. Of this amount, \$18,248 is related to the primary government and \$563 is attributable to the discretely presented component unit.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Contributions subsequent to measurement date	\$ 9,345	\$ -
Difference in experience	-	(24,376)
Change in assumptions	-	(72,533)
Component Unit:		
Contributions subsequent to measurement date	288	-
Difference in experience	-	(752)
Change in assumptions	-	(2,237)
Total	<u>\$ 9,633</u>	<u>\$ (99,898)</u>

The primary government and component unit reported \$9,345 and \$288, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date

City of El Campo, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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

Year ended December 31:	Primary Government	Discretely Presented Component Unit	Total
2023	\$ (13,221)	\$ (408)	\$ (13,629)
2024	(12,371)	(382)	(12,753)
2025	(18,636)	(575)	(19,211)
2026	(24,458)	(754)	(25,212)
2027	(23,748)	(732)	(24,480)
Thereafter	(4,475)	(138)	(4,613)
	<u>\$ (96,909)</u>	<u>\$ (2,989)</u>	<u>\$ (99,898)</u>

D. Restatement

The City restated beginning net position within governmental activities, business-type activities, and the utility fund due to corrections to capital assets. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	
Prior year ending net position, as reported	\$ 8,770,399	
Correction to capital assets (CIP)	157,964	
Restated beginning net position	<u>\$ 8,928,363</u>	
	Business-type Activities	Utility
Prior year ending net position/fund balance as reported	\$ 12,995,177	\$ 12,293,080
Correction to capital assets (CIP)	136,650	136,650
Restated beginning net position/fund balance	<u>\$ 13,131,827</u>	<u>\$ 12,429,730</u>

City of El Campo, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

E. Tax Abatement Disclosures

The City negotiates tax abatement agreements on an individual basis. The City has tax abatement agreements with one entity that had taxes abated during the year ended September 30, 2023:

<u>Purpose</u>	<u>% of Sales Taxes Abated</u>	<u>% of Property Taxes Abated</u>	<u>Sales Taxes Abated during Fiscal Year</u>	<u>Property Taxes Abated during Fiscal Year</u>
Construction of cabinet manufacturing facility. The facility is expected to provide 75 employment positions	50%	50%	\$ 8,321	\$ 13,046

Each agreement was negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 380, Texas Local Gov't Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. The agreement is in accordance with Section 501.103, Texas Local Gov't Code. Taxes were abated through a rebate of taxes received. Recipients of the sales tax abatements agree to operate within the City limits through the term of their agreement.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

F. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled *Subscription-Based Information Technology Arrangements (SBITA)*. Due to the implementation of GASB 96 in the current year, the City recorded these arrangements as right-to-use assets and SBITA liabilities.

G. Subsequent Events

There were no material subsequent events through April 19, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



City of El Campo, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 3,021,624	\$ 3,021,624	\$ 2,803,234	\$ (218,390)
Sales tax	4,710,065	4,864,559	5,339,920	475,361
Franchise and local taxes	837,895	837,895	872,373	34,478
Charges for services	486,900	486,900	522,760	35,860
License, permits and fees	143,800	143,800	203,985	60,185
Intergovernmental	15,000	583,630	595,126	11,496
Fines and forfeitures	303,670	303,670	226,003	(77,667)
Investment income	7,444	7,444	99,254	91,810
Other revenue	75,600	75,599	81,269	5,670
Total Revenues	9,601,998	10,325,121	10,743,924	418,803
<u>Expenditures</u>				
Current:				
General government	2,135,530	2,215,910	2,168,284	47,626
Public safety	5,004,829	5,672,714	5,524,091	148,623
Parks and recreation	916,110	1,083,745	636,898	446,847
Library	129,360	146,669	143,200	3,469
Public works	1,707,460	1,874,883	1,859,324	15,559
Capital outlay	189,700	171,028	39,660	131,368
Total Expenditures	10,082,989	11,164,949	10,371,457	793,492
Revenues Over (Under) Expenditures	(480,991)	(839,828)	372,467	1,212,295
<u>Other Financing Sources (Uses)</u>				
Lease related issuances	-	-	39,660	39,660
Transfers in	704,991	841,878	750,765	(91,113)
Transfers (out)	(234,000)	(234,000)	(282,921)	(48,921) *
Sale of capital assets	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	480,991	617,878	507,504	(110,374)
Net Change in Fund Balance	\$ -	\$ (221,950)	879,971	\$ 1,101,921
Beginning fund balance			4,789,572	
Ending Fund Balance			\$ 5,669,543	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2022	12/31/2021	12/31/2020
Total pension liability			
Service cost	\$ 938,194	\$ 887,468	\$ 926,987
Interest	2,487,933	2,362,621	2,266,824
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(51,950)	329,464	60,949
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(1,638,470)	(1,858,411)	(1,773,172)
Net change in total pension liability	1,735,707	1,721,142	1,481,588
Total pension liability - beginning	\$ 37,208,401	\$ 35,487,259	\$ 34,005,671
Total pension liability - ending (a)	\$ 38,944,108	\$ 37,208,401	\$ 35,487,259
Plan fiduciary net position			
Contributions - employer	\$ 912,927	\$ 882,416	\$ 904,587
Contributions - members	465,440	442,155	461,187
Net investment income	(2,460,509)	3,953,359	2,170,192
Benefit payments, including refunds of participant contributions	(1,638,470)	(1,858,411)	(1,773,172)
Administrative expenses	(21,319)	(18,306)	(14,048)
Other	25,440	123	(547)
Net change in plan fiduciary net position	(2,716,491)	3,401,336	1,748,199
Plan fiduciary net position - beginning	33,749,963	30,348,627	28,600,428
Plan fiduciary net position - ending (b)	\$ 31,033,472	\$ 33,749,963	\$ 30,348,627
Fund's net pension liability - ending (a) - (b)	\$ 7,910,636	\$ 3,458,438	\$ 5,138,632
Plan fiduciary net position as a percentage of the total pension liability	79.69%	90.71%	85.52%
Covered payroll	\$ 6,649,142	\$ 6,316,500	\$ 6,588,392
Fund's net position as a percentage of covered payroll	118.97%	54.75%	78.00%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	¹
\$ 857,992	\$ 699,915	\$ 662,928	\$ 659,018	\$ 639,319	\$ 574,183	
2,148,488	1,913,653	1,852,927	1,776,064	1,754,661	1,671,854	
2,066,717	-	-	(81,324)	-	-	
256,833	(63,589)	(418,703)	-	(74,642)	(117,116)	
(46,068)	-	-	-	50,996	-	
(1,224,059)	(1,209,328)	(1,222,674)	(1,211,352)	(1,058,047)	(899,035)	
4,059,903	1,340,651	874,478	1,142,406	1,312,287	1,229,886	
<u>\$ 29,945,768</u>	<u>\$ 28,605,117</u>	<u>\$ 27,730,639</u>	<u>\$ 26,588,233</u>	<u>\$ 25,275,946</u>	<u>\$ 24,046,060</u>	
<u>\$ 34,005,671</u>	<u>\$ 29,945,768</u>	<u>\$ 28,605,117</u>	<u>\$ 27,730,639</u>	<u>\$ 26,588,233</u>	<u>\$ 25,275,946</u>	
\$ 636,438	\$ 638,377	\$ 610,134	\$ 608,631	\$ 621,185	\$ 642,038	
360,249	345,069	326,566	323,454	316,668	308,429	
3,862,061	(778,898)	3,202,487	1,481,452	32,511	1,190,068	
(1,224,059)	(1,209,328)	(1,222,674)	(1,211,352)	(1,058,047)	(899,035)	
(21,828)	(15,057)	(16,599)	(16,734)	(19,803)	(12,426)	
(658)	(787)	(841)	(902)	(978)	(1,022)	
3,612,203	(1,020,624)	2,899,073	1,184,549	(108,464)	1,228,052	
24,988,225	26,008,849	23,109,776	21,925,227	22,033,691	20,805,639	
<u>\$ 28,600,428</u>	<u>\$ 24,988,225</u>	<u>\$ 26,008,849</u>	<u>\$ 23,109,776</u>	<u>\$ 21,925,227</u>	<u>\$ 22,033,691</u>	
<u>\$ 5,405,243</u>	<u>\$ 4,957,543</u>	<u>\$ 2,596,268</u>	<u>\$ 4,620,863</u>	<u>\$ 4,663,006</u>	<u>\$ 3,242,255</u>	
84.10%	83.44%	90.92%	83.34%	82.46%	87.17%	
\$ 6,004,145	\$ 5,751,149	\$ 5,442,758	\$ 5,384,134	\$ 5,279,268	\$ 5,140,488	
90.03%	86.20%	47.70%	85.82%	88.33%	63.07%	

City of El Campo, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially determined employer contributions	\$ 986,419	\$ 901,692	\$ 873,656	\$ 820,141
Contributions in relation to				
the actuarially determined contribution	<u>\$ 986,419</u>	<u>\$ 901,692</u>	<u>\$ 873,656</u>	<u>\$ 820,141</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 6,973,931	\$ 6,536,009	\$ 6,284,008	\$ 6,311,503
Employer contributions as				
a percentage of covered payroll	14.14%	13.80%	13.90%	12.99%

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
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.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 633,807	\$ 631,978	\$ 610,767	\$ 627,714	\$ 632,469
<u>\$ 633,807</u>	<u>\$ 631,978</u>	<u>\$ 610,767</u>	<u>\$ 627,714</u>	<u>\$ 632,469</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,926,162	\$ 5,680,267	\$ 5,441,279	\$ 5,495,377	\$ 5,294,364
10.70%	11.13%	11.22%	11.42%	11.95%

City of El Campo, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	8/31/2023	8/31/2022	8/31/2021
Total pension liability			
Service cost	\$ 16,415	\$ 12,715	\$ 13,166
Interest	123,514	93,913	94,084
Changes in benefit terms	-	19,847	-
Differences between expected and actual experience	-	20,356	-
Changes of assumptions	-	(2,689)	-
Benefit payments, including refunds of participant contributions	(86,337)	(64,960)	(62,892)
Net change in total pension liability	53,592	79,182	44,358
Total pension liability - beginning	\$ 1,673,602	\$ 1,271,936	\$ 1,272,727
Total pension liability - ending (a)	\$ 1,727,194	\$ 1,351,118	\$ 1,317,085
Plan fiduciary net position			
Contributions - members	\$ 37,813	\$ 33,081	\$ 32,264
Contributions - state	12,779	10,317	11,245
Net investment income	70,050	(144,963)	188,654
Benefit payments, including refunds of participant contributions	(86,337)	(64,960)	(62,892)
Administrative expenses	(3,543)	(1,975)	(2,271)
Other	-	-	-
Net change in plan fiduciary net position	30,762	(168,500)	167,000
Plan fiduciary net position - beginning	1,258,377	1,184,402	1,059,443
Plan fiduciary net position - ending (b)	\$ 1,289,139	\$ 1,015,902	\$ 1,226,443
City's net pension liability - ending (a) - (b)	\$ 438,055	\$ 335,216	\$ 90,642

Plan fiduciary net position			
as a percentage of the total pension liability	74.64%	75.19%	93.12%
Number of active members	30	30	30
Net pension liability			
per active member	14,602	11,174	\$ 3,021
City's proportion of the net position	1.0120%	0.8170%	0.8460%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2) There is no compensation for active members, so number of active members is used instead.

3) The System's net pension liability was measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>8/31/2016</u>	<u>8/31/2015</u>	¹
\$ 17,601	\$ 18,621	\$ 13,660	\$ 14,661	\$ 15,820	\$ 15,144	
103,758	105,312	84,899	87,112	83,125	75,717	
28,196	-	24,219	-	6,742	-	
(18,537)	-	(775)	-	604	-	
(640)	-	-	-	8,311	-	
(64,916)	(64,188)	(50,058)	(46,299)	(43,904)	(40,213)	
65,462	59,745	71,945	55,474	70,698	50,648	
\$ 1,353,669	\$ 1,372,341	\$ 1,106,846	\$ 1,132,512	\$ 1,078,714	\$ 981,958	
\$ 1,419,131	\$ 1,432,086	\$ 1,178,791	\$ 1,187,986	\$ 1,149,412	\$ 1,032,606	
\$ 35,424	\$ 34,734	\$ 35,136	\$ 46,114	\$ 32,342	\$ 31,424	
12,539	13,265	11,394	14,572	14,789	14,635	
115,007	11,383	96,983	89,948	46,285	(29,434)	
(64,916)	(64,188)	(50,058)	(46,299)	(43,904)	(40,213)	
(3,023)	(2,263)	(1,356)	(1,696)	(1,558)	(1,930)	
80	-	-	-	-		
95,111	(7,069)	92,099	102,639	47,954	(25,518)	
1,086,281	1,156,278	901,101	864,518	829,464	819,527	
\$ 1,181,392	\$ 1,149,209	\$ 993,200	\$ 967,157	\$ 877,418	\$ 794,009	
\$ 237,739	\$ 282,877	\$ 185,591	\$ 220,829	\$ 271,994	\$ 238,597	
83.25%	80.25%	84.26%	81.41%	76.34%	76.89%	
33	35	39	38	38	39	²
\$ 7,204	\$ 8,082	\$ 4,759	\$ 5,811	\$ 7,158	\$ 6,118	
0.9433%	0.9980%	0.8572%	0.9201%	0.9338%	0.8939%	

City of El Campo, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS EMERGENCY SERVICES RETIREMENT SYSYTEM

Years Ended:

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially determined employer contributions	\$ 48,240	\$ 39,730	\$ 40,605	\$ 43,985
Contributions in relation to				
the actuarially determined contribution	<u>\$ 48,240</u>	<u>\$ 39,730</u>	<u>\$ 40,605</u>	<u>\$ 43,985</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Active members	30	30	30	33
Contributions per active member	\$ 1,608	\$ 1,324	\$ 1,354	\$ 1,333

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

Contribution rates are determined by board rule and become effective August 31.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.00%
Salary Increases	n/a
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.
Mortality	Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

Other Information:

Notes

There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 44,720	\$ 41,055	\$ 44,500	\$ 42,780	\$ 42,222
<u>\$ 44,720</u>	<u>\$ 41,055</u>	<u>\$ 44,500</u>	<u>\$ 42,780</u>	<u>\$ 42,222</u>
\$ -	\$ -	\$ -	\$ -	\$ -
35	39	38	38	39
\$ 1,278	\$ 1,053	\$ 1,171	\$ 1,126	\$ 1,083

City of El Campo, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	2022	2021	2020	2019
Total OPEB liability				
Service cost	\$ 21,277	\$ 18,318	\$ 15,153	\$ 10,807
Interest	8,519	9,003	10,804	12,057
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(326)	(18,145)	(17,697)	(11,705)
Changes of assumptions	(150,177)	12,208	54,158	58,030
refunds of participant contributions	(10,639)	(9,475)	(3,953)	(3,002)
Net change in total OPEB liability	(131,346)	11,909	58,465	66,187
Total OPEB liability - beginning	\$ 457,644	\$ 445,735	\$ 387,270	\$ 321,083
Total OPEB liability - ending	\$ 326,298	\$ 457,644	\$ 445,735	\$ 387,270
 Covered-employee payroll	 \$ 6,649,142	 \$ 6,316,500	 \$ 6,588,392	 \$ 6,004,145
 Fund's net position as a percentage of covered-employee payroll	 4.91%	 7.25%	 6.77%	 6.45%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

	<u>2018</u>	<u>2017</u>	¹
\$	11,502	\$	9,253
	10,821		10,774
	-		-
	591		-
	(21,555)		23,816
	(2,876)		(3,266)
	(1,517)		40,577
\$	322,600	\$	282,023
\$	321,083	\$	322,600
			²
\$	5,751,149	\$	5,442,758
	5.58%		5.93%



OTHER SUPPLEMENTARY INFORMATION



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

MUNICIPAL COURT TECHNOLOGY AND BUILDING SECURTIY FUNDS

This fund is used to account for funds received in conjunction with municipal court fines to enhance these specific areas.

HOTEL/MOTEL TAX FUND

This fund is used to account for the collection of hotel and motel taxes collected by the City.

TRANSPORTATION USER FEE FUND

This fund accounts for revenue of fees collected from utility customers to be used for street repair, reconstruction and maintenance as well as sidewalk maintenance.

CIVIC CENTER FUND

This fund is used to account for revenues and expenditures related to the operation and management of the City-owned Civic Center.

TRANSPORTATION REINVESTMENT ZONE FUND

This fund is used to account for the City's portion of the cost of a project to upgrade US Highway 59.

POLICE SEIZURES FUND

This fund is used to account for items seized by the City through the police department as a result of criminal investigations. The funds are used for one-time equipment purchases and other purchases to assist in police activities.

CDBG GLO GRANT

This fund is used to account for revenues and expenditures related to CDBG GLO grants received by the City.

STREET PAVING FUND

This fund accounts for paving the City's remaining unpaved streets through assessments to adjacent landowners and transfers from the General Fund.

CAPITAL PROJECTS

This fund is used to account for the acquisition and construction of certain major capital facilities.

City of El Campo, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
<u>Assets</u>				
Cash and cash equivalents	\$ 17,424	\$ 53,785	\$ 53,116	\$ 58,318
Receivables, net	-	-	113,474	12,600
Due from other funds	-	-	-	-
Total Assets	\$ 17,424	\$ 53,785	\$ 166,590	\$ 70,918
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 78,589	\$ -
Deposits payable	-	-	-	-
Due to other funds	12,195	-	-	-
Total Liabilities	12,195	-	78,589	-
<u>Deferred Inflows of Resources</u>				
Street assessments	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<u>Fund Balances</u>				
Restricted:				
Parks and recreation	-	-	88,001	-
Public safety	-	-	-	-
Public works	-	-	-	70,918
Municipal court	5,229	53,785	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	5,229	53,785	88,001	70,918
Total Liabilities, Deferred Inflows and Fund Balances	\$ 17,424	\$ 53,785	\$ 166,590	\$ 70,918

Civic Center	TRZ	Police Seizures	CDBG GLO Grant	Street Paving	Capital Projects	Total Nonmajor Governmental
\$ 225,817	\$ 266,397	\$ 62,247	\$ -	\$ 99,877	\$ 80,757	\$ 917,738
-	-	-	-	23,032	-	149,106
-	107,815	-	-	-	-	107,815
<u>\$ 225,817</u>	<u>\$ 374,212</u>	<u>\$ 62,247</u>	<u>\$ -</u>	<u>\$ 122,909</u>	<u>\$ 80,757</u>	<u>\$ 1,174,659</u>
\$ 6,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,010
40,650	-	-	-	-	-	40,650
-	402,910	5,393	20,928	-	-	441,426
<u>47,071</u>	<u>402,910</u>	<u>5,393</u>	<u>20,928</u>	<u>-</u>	<u>-</u>	<u>567,086</u>
-	-	-	-	18,711	-	18,711
-	-	-	-	18,711	-	18,711
178,746	-	-	-	-	-	266,747
-	-	56,854	-	-	-	56,854
-	-	-	-	104,198	-	175,116
-	-	-	-	-	-	59,014
-	-	-	-	-	80,757	80,757
-	(28,698)	-	(20,928)	-	-	(49,626)
<u>178,746</u>	<u>(28,698)</u>	<u>56,854</u>	<u>(20,928)</u>	<u>104,198</u>	<u>80,757</u>	<u>588,862</u>
<u>\$ 225,817</u>	<u>\$ 374,212</u>	<u>\$ 62,247</u>	<u>\$ -</u>	<u>\$ 122,909</u>	<u>\$ 80,757</u>	<u>\$ 1,174,659</u>

City of El Campo, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
<u>Revenues</u>				
Hotel occupancy taxes	\$ -	\$ -	\$ 269,646	\$ -
Transportation user fees	-	-	-	145,121
Property taxes	-	-	-	-
Charges for services	7,582	-	-	-
Intergovernmental	-	-	-	-
Investment income	38	76	92	169
Other revenue	-	5,131	-	-
Total Revenues	7,620	5,207	269,738	145,290
<u>Expenditures</u>				
Current				
General government	-	-	121,597	-
Parks and recreation	-	-	-	-
Public works	-	312	-	62,678
Capital outlay	-	-	-	388,871
Debt service				
Principal	-	-	-	74,917
Interest	-	-	-	7,695
Total Expenditures	-	312	121,597	534,161
Revenues Over (Under) Expenditures	7,620	4,895	148,141	(388,871)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	(190,618)	-
Lease related issuances	-	-	-	388,871
Total Other Financing Sources (Uses)	-	-	(190,618)	388,871
Net Change in Fund Balances	7,620	4,895	(42,477)	-
Beginning fund balances	(2,391)	48,890	130,478	70,918
Ending Fund Balances	\$ 5,229	\$ 53,785	\$ 88,001	\$ 70,918

Civic Center	TRZ	Police Seizures	CDBG GLO Grant	Street Paving	Capital Projects	Total Nonmajor Governmental
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,646
-	-	-	-	-	-	145,121
-	78,387	-	-	-	-	78,387
146,545	-	-	-	17,442	-	171,569
-	-	-	401,536	-	-	401,536
317	494	1,179	-	169	66	2,600
-	-	7,485	-	-	-	12,616
146,862	78,881	8,664	401,536	17,611	66	1,081,475
-	-	-	-	-	-	121,597
186,158	-	-	-	-	-	186,158
-	-	-	-	-	-	62,990
-	-	-	285,428	19,273	-	693,572
-	52,676	-	-	-	-	127,593
-	173,606	-	-	-	-	181,301
186,158	226,282	-	285,428	19,273	-	1,373,211
(39,296)	(147,401)	8,664	116,108	(1,662)	66	(291,736)
95,309	-	-	-	-	-	95,309
-	-	-	-	-	-	(190,618)
-	-	-	-	-	-	388,871
95,309	-	-	-	-	-	293,562
56,013	(147,401)	8,664	116,108	(1,662)	66	1,826
122,733	118,703	48,190	(137,036)	105,860	80,691	587,036
\$ 178,746	\$ (28,698)	\$ 56,854	\$ (20,928)	\$ 104,198	\$ 80,757	\$ 588,862

City of El Campo, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 1,367,316	\$ 1,621,994	\$ 254,678
Other revenue	-	97,386	97,386
Investment income	1,000	3,124	2,124
Total Revenues	1,368,316	1,722,504	354,188
<u>Expenditures</u>			
Debt service:			
Principal	1,375,889	1,011,147	364,742
Interest and fiscal charges	1,372,781	568,335	804,446
Total Expenditures	2,748,670	1,579,482	1,169,188
Revenues Over (Under) Expenditures	(1,380,354)	143,022	(815,000)
<u>Other Financing Sources (Uses)</u>			
Transfers in	102,710	151,631	48,921
Transfers (out)	-	(9,192)	(9,192) *
Total Other Financing Sources (Uses)	102,710	142,439	39,729
Net Change in Fund Balance	\$ (1,277,644)	285,461	\$ 1,563,105
Beginning fund balance		68,703	
Ending Fund Balance		\$ 354,164	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY FUND
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 7,500	\$ 7,582	\$ 82
Investment income	-	38	38
Total Revenues	<u>7,500</u>	<u>7,620</u>	<u>120</u>
<u>Expenditures</u>			
General government	7,500	-	7,500
Total Expenditures	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Net Change in Fund Balance	<u>\$ -</u>	7,620	<u>\$ 7,620</u>
Beginning fund balance		(2,391)	
Ending Fund Balance		<u>\$ 5,229</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of El Campo, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy taxes	\$ 160,000	\$ 269,646	\$ 109,646
Investment income	-	92	92
Total Revenues	<u>160,000</u>	<u>269,738</u>	<u>109,738</u>
<u>Expenditures</u>			
General government	51,000	121,597	(70,597) *
Total Expenditures	<u>51,000</u>	<u>121,597</u>	<u>(70,597)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(109,000)	(190,618)	(81,618)
Net Change in Fund Balance	<u>\$ -</u>	<u>(42,477)</u>	<u>\$ (42,477)</u>
Beginning fund balance		130,478	
Ending Fund Balance		<u>\$ 88,001</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CIVIC CENTER
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 115,000	\$ 146,545	\$ 31,545
Investment income	-	317	317
Total Revenues	115,000	146,862	31,862
<u>Expenditures</u>			
Parks and recreation	169,500	186,158	(16,658) *
Total Expenditures	169,500	186,158	(16,658)
<u>Other Financing Sources (Uses)</u>			
Transfer in	54,500	95,309	40,809
Net Change in Fund Balance	\$ -	56,013	\$ 56,013
Beginning fund balance		122,733	
Ending Fund Balance		\$ 178,746	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL POLICE SEIZURES FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Other revenue	\$ 4,450	\$ 7,485	\$ 3,035
Investment income	500	1,179	679
Total Revenues	4,950	8,664	3,714
<u>Expenditures</u>			
Public safety	4,950	-	4,950
Total Expenditures	4,950	-	4,950
Net Change in Fund Balance	\$ -	8,664	\$ 8,664
Beginning fund balance		48,190	
Ending Fund Balance		\$ 56,854	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of El Campo, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION USER FEE

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Transportation user fee	\$ 140,000	\$ 145,121	\$ 5,121
Investment income	-	169	169
Total Revenues	140,000	145,290	5,290
<u>Expenditures</u>			
Public works	140,000	62,678	77,322
Capital outlay	-	388,871	(388,871) *
Debt service:			
Principal	-	74,917	(74,917) *
Interest and fiscal charges	-	7,695	(7,695) *
Total Expenditures	140,000	534,161	(394,161)
<u>Other Financing Sources (Uses)</u>			
Lease related issuances	-	388,871	388,871
Net Change in Fund Balance	\$ -	-	\$ -
Beginning fund balance		70,918	
Ending Fund Balance		\$ 70,918	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CDBG GLO GRANT FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ 401,536	\$ 401,536
Total Revenues	-	-	401,536	401,536
<u>Expenditures</u>				
Capital outlay	19,640	19,640	285,428	(265,788) *
Total Expenditures	19,640	19,640	285,428	(265,788)
Net Change in Fund Balance	\$ (19,640)	\$ (19,640)	116,108	\$ 135,748
Beginning fund balance			(137,036)	
Ending Fund Balance			\$ (20,928)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of El Campo, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2023

	<u>CDC of El Campo</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 2,016,452
Investments	1,299,885
Receivables, net	211,857
Total Current Assets	<u>3,528,194</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	14,575
Total Liabilities	<u>14,575</u>
<u>Fund Balances</u>	
Restricted for:	
City development	3,513,619
Total Fund Balance	<u>3,513,619</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,528,194</u></u>

See Notes to Financial Statements.

City of El Campo, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2023

Fund Balance	\$ 3,513,619
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	357,128
Capital assets - net depreciable	598,806
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension outflows	58,228
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.	
OPEB inflows	(2,989)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Pension liability - TMRS	(153,484)
OPEB liability - OPEB	(9,763)
Net Position of the Discretely Presented Component Unit	\$ 4,361,813

City of El Campo, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2023

	CDC of El Campo
<u>Revenues</u>	
Sales taxes	\$ 1,067,790
Investment income	44,742
Other revenues	60,873
Total Revenues	1,173,405
<u>Expenditures</u>	
City development	811,250
Capital outlay	131,206
Total Expenditures	942,456
Excess of Revenues Over (Under) Expenditures	230,949
Net Change in Fund Balances	230,949
Beginning fund balances	3,282,670
Ending Fund Balances	\$ 3,513,619

See Notes to Financial Statements.

City of El Campo, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED
COMPONENT UNIT 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 changes in fund balances	\$ 230,949
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	131,206
Depreciation expense	(25,081)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
OPEB expense	(4,343)
Pension expense	39,426
Change in Net Position	\$ 372,157

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
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Financial Trends	126
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	136
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	148
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	153
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	156
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of El Campo, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 8,700,521	\$ 8,479,793	\$ 8,263,862	\$ 16,744,824
Restricted	992,652	795,166	709,875	572,317
Unrestricted	83,866	(346,596)	(1,050,164)	(9,146,976)
Total governmental activities net position	<u><u>\$ 9,777,039</u></u>	<u><u>\$ 8,928,363</u></u>	<u><u>\$ 7,923,573</u></u>	<u><u>\$ 8,170,165</u></u>
Business-type activities				
Net investment in capital assets	\$ 8,236,322	\$ 8,903,571	\$ 7,942,376	\$ 7,929,594
Restricted	-	204,215	204,215	-
Unrestricted	6,073,615	4,024,041	1,906,990	316,646
Total business-type activities net position	<u><u>\$ 14,309,937</u></u>	<u><u>\$ 13,131,827</u></u>	<u><u>\$ 10,053,581</u></u>	<u><u>\$ 8,246,240</u></u>
Primary government				
Net investment in capital assets	\$ 16,936,843	\$ 17,383,364	\$ 16,206,238	\$ 24,674,418
Restricted	992,652	999,381	914,090	572,317
Unrestricted	6,157,481	3,677,445	856,826	(8,830,330)
Total primary government net position	<u><u>\$ 24,086,976</u></u>	<u><u>\$ 22,060,190</u></u>	<u><u>\$ 17,977,154</u></u>	<u><u>\$ 16,416,405</u></u>

Source: City audited financial records

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 13,347,767	\$ 11,607,624	\$ 11,813,285	\$ 11,596,010	\$ 5,094,853	\$ 9,777,017
212,729	167,198	229,842	329,900	7,642,486	214,477
<u>(7,673,965)</u>	<u>(7,568,792)</u>	<u>552,340</u>	<u>151,093</u>	<u>1,205,992</u>	<u>4,828,765</u>
<u>\$ 5,886,531</u>	<u>\$ 4,206,030</u>	<u>\$ 12,595,467</u>	<u>\$ 12,077,003</u>	<u>\$ 13,943,331</u>	<u>\$ 14,820,259</u>
\$ 10,197,147	\$ 10,022,697	\$ 9,568,796	\$ 9,791,150	\$ 7,003,324	\$ 6,461,102
-	-	-	-	-	-
<u>1,092,776</u>	<u>1,545,515</u>	<u>2,045,458</u>	<u>2,072,824</u>	<u>2,457,578</u>	<u>5,738,526</u>
<u>\$ 11,289,923</u>	<u>\$ 11,568,212</u>	<u>\$ 11,614,254</u>	<u>\$ 11,863,974</u>	<u>\$ 9,460,902</u>	<u>\$ 12,199,628</u>
\$ 23,544,914	\$ 21,630,321	\$ 21,382,081	\$ 21,387,160	\$ 12,098,177	\$ 16,238,119
212,729	167,198	229,842	329,900	7,642,486	214,477
<u>(6,581,189)</u>	<u>(6,023,277)</u>	<u>2,597,798</u>	<u>2,223,917</u>	<u>3,663,570</u>	<u>10,567,291</u>
<u>\$ 17,176,454</u>	<u>\$ 15,774,242</u>	<u>\$ 24,209,721</u>	<u>\$ 23,940,977</u>	<u>\$ 23,404,233</u>	<u>\$ 27,019,887</u>

City of El Campo, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government	\$ 2,948,915	\$ 2,426,761	\$ 2,269,688	\$ 2,672,521
Public safety	6,113,034	5,071,225	4,842,663	6,078,528
Public works	2,761,627	2,567,114	2,958,437	2,846,191
Parks and recreation	1,004,782	1,050,365	1,066,622	1,211,309
Interest on long-term debt	699,508	860,147	730,723	615,911
Total governmental activities expenses	13,527,866	11,975,612	11,868,133	13,424,460
Business-type activities:				
Utility	6,132,420	5,855,700	5,189,862	6,494,343
Emergency medical services	2,376,372	2,149,823	1,677,029	2,413,902
Total business-type activities expenses	8,508,792	8,005,523	6,866,891	8,908,245
Total primary government expenses	\$ 22,036,658	\$ 19,981,135	\$ 18,735,024	\$ 22,332,705
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ -	\$ -	\$ 229,317
Public safety	233,585	249,062	114,090	340,421
Public works	366,336	414,288	330,657	356,993
Recreation and leisure	669,305	500,319	411,103	159,214
Operating grants and contributions	595,126	829,786	174,679	535,029
Capital grants and contributions	401,536	-	-	2,002,376
Total governmental activities program revenues	2,265,888	1,993,455	1,030,529	3,623,350
Business-type activities:				
Charges for services:				
Utility	\$ 7,680,832	\$ 6,976,419	\$ 5,993,785	\$ 5,903,342
Emergency medical services	2,415,864	2,920,392	1,883,159	1,943,321
Operating grants and contributions	109,855	1,492,972	1,429,601	523,360
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	10,206,551	11,389,783	9,306,545	8,370,023
Total primary government program revenues	\$ 12,472,439	\$ 13,383,238	\$ 10,337,074	\$ 11,993,373

2019	2018	2017	2016	2015	2014
\$ 2,482,306	\$ 3,016,842	\$ 1,687,369	\$ 2,326,025	\$ 3,126,552	\$ 2,832,544
4,625,059	4,353,355	4,244,016	3,933,302	3,781,285	3,781,836
2,340,432	10,139,202	1,732,892	2,135,403	2,228,376	2,352,547
1,187,754	1,152,718	1,084,289	1,031,769	1,152,451	1,218,866
707,641	816,122	749,594	706,151	236,628	123,993
11,343,192	19,478,239	9,498,160	10,132,650	10,525,292	10,309,786
5,436,091	5,444,712	5,631,087	4,570,795	5,045,412	5,000,348
2,090,865	1,697,378	1,819,574	1,586,963	1,618,966	1,352,446
7,526,956	7,142,090	7,450,661	6,157,758	6,664,378	6,352,794
\$ 18,870,148	\$ 26,620,329	\$ 16,948,821	\$ 16,290,408	\$ 17,189,670	\$ 16,662,580
\$ 179,335	\$ 169,269	\$ 167,571	\$ 133,356	\$ 209,755	\$ 149,723
540,933	482,922	572,814	540,493	419,142	475,974
69,670	37,579	23,394	20,573	223,309	113,905
317,391	289,304	327,727	321,993	287,174	429,494
605	75,065	111,088	63,437	137,267	-
2,098,363	93,653	499,613	911,211	-	-
3,206,297	1,147,792	1,702,207	1,991,063	1,276,647	1,169,096
\$ 5,680,784	\$ 5,823,113	\$ 5,665,994	\$ 5,588,319	\$ 5,336,727	\$ 4,992,362
1,806,566	2,114,412	1,742,990	1,629,243	1,613,095	1,367,954
169,452	-	-	75,000	-	-
181,765	-	24,250	429,677	-	-
7,838,567	7,937,525	7,433,234	7,722,239	6,949,822	6,360,316
\$ 11,044,864	\$ 9,085,317	\$ 9,135,441	\$ 9,713,302	\$ 8,226,469	\$ 7,529,412

City of El Campo, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2023	2022	2021	2020
Net (Expenses) Revenue				
Governmental activities	\$ (11,261,978)	\$ (9,982,157)	\$ (10,837,604)	\$ (9,801,110)
Business-type activities	1,697,759	3,384,260	2,439,654	(538,222)
Total primary government net expense	<u>\$ (9,564,219)</u>	<u>\$ (6,597,897)</u>	<u>\$ (8,397,950)</u>	<u>\$ (10,339,332)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	4,511,262	4,457,531	4,240,781	4,292,324
Sales taxes	5,339,920	4,709,549	4,547,647	3,973,881
Hotel occupancy taxes	269,646	171,565	173,604	
Franchise taxes	872,373	854,109	813,322	717,455
Other taxes	-	-	-	177,243
Investment earnings	107,778	15,009	12,761	34,216
Gain on sale of capital assets	-	-	-	-
Miscellaneous	191,271	106,019	177,541	87,699
Transfers	818,404	673,165	984,274	875,200
Total governmental activities	<u>12,110,654</u>	<u>10,986,947</u>	<u>10,949,930</u>	<u>10,158,018</u>
Business-type activities:				
Investment earnings	154,018	24,079	2,979	9,800
Miscellaneous	144,737	206,422	348,982	267,609
Transfers	(818,404)	(673,165)	(984,274)	(875,200)
Total business-type activities	<u>(519,649)</u>	<u>(442,664)</u>	<u>(632,313)</u>	<u>(597,791)</u>
Total primary government	<u>\$ 11,591,005</u>	<u>\$ 10,544,283</u>	<u>\$ 10,317,617</u>	<u>\$ 9,560,227</u>
Change in Net Position				
Governmental activities	\$ 848,676	\$ 1,004,790	\$ 112,326	\$ 356,908
Business-type activities	1,178,110	2,941,596	1,807,341	(1,136,013)
Total primary government	<u>\$ 2,026,786</u>	<u>\$ 3,946,386</u>	<u>\$ 1,919,667</u>	<u>\$ (779,105)</u>

Source: City audited financial records

2019	2018	2017	2016	2015	2014
\$ (8,136,895)	\$ (18,330,447)	\$ (7,795,953)	\$ (8,141,587)	\$ (9,248,645)	\$ (9,140,690)
311,611	795,435	(17,427)	1,564,481	285,444	7,522
<u>\$ (7,825,284)</u>	<u>\$ (17,535,012)</u>	<u>\$ (7,813,380)</u>	<u>\$ (6,577,106)</u>	<u>\$ (8,963,201)</u>	<u>\$ (9,133,168)</u>
4,287,660	4,270,461	3,981,191	3,640,047	3,118,814	2,833,021
3,795,391	4,045,900	3,051,283	2,769,036	3,568,802	3,533,651
733,735	713,031	701,185	673,722	827,649	929,726
186,304	224,343	172,068	162,880	17,369	19,840
42,963	19,303	37,911	50,050	26,974	9,620
38,313	-	-	-	-	-
30,582	51,140	95,196	86,483	290,316	374,195
816,907	803,617	275,583	(1,106,959)	83,288	(962,266)
<u>9,931,855</u>	<u>10,127,795</u>	<u>8,314,417</u>	<u>6,275,259</u>	<u>7,933,212</u>	<u>6,737,787</u>
39,483	5,941	16,870	24,336	9,776	14,327
187,494	29,249	26,420	25,720	194,381	79,905
(816,907)	(803,617)	(275,583)	1,106,959	(83,288)	962,266
<u>(589,930)</u>	<u>(768,427)</u>	<u>(232,293)</u>	<u>1,157,015</u>	<u>120,869</u>	<u>1,056,498</u>
<u>\$ 9,341,925</u>	<u>\$ 9,359,368</u>	<u>\$ 8,082,124</u>	<u>\$ 7,432,274</u>	<u>\$ 8,054,081</u>	<u>\$ 7,794,285</u>
\$ 1,794,960	\$ (8,202,652)	\$ 518,464	\$ (1,866,328)	\$ (1,315,433)	\$ (2,402,903)
(278,319)	27,008	(249,720)	2,721,496	406,313	1,064,020
<u>\$ 1,516,641</u>	<u>\$ (8,175,644)</u>	<u>\$ 268,744</u>	<u>\$ 855,168</u>	<u>\$ (909,120)</u>	<u>\$ (1,338,883)</u>

City of El Campo, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund				
Nonspendable:				
Prepaid items	\$ 12,519	\$ 10,369	\$ 21,921	\$ 75,206
Inventories	14,160	25,907	-	5,298
Unassigned	5,642,864	4,753,296	4,530,374	3,892,890
Total general fund	<u><u>\$ 5,669,543</u></u>	<u><u>\$ 4,789,572</u></u>	<u><u>\$ 4,552,295</u></u>	<u><u>\$ 3,973,394</u></u>
 All Other Governmental Funds				
Restricted for:				
Debt service	354,164	68,703	51,951	-
Municipal court	59,014	48,890	43,618	39,660
Public safety	56,854	48,190	38,183	35,482
Capital projects	80,757	80,691	45,337	265,548
Public works	175,116	295,481	386,322	22,112
Parks and recreation	266,747	253,211	144,464	-
Tourism	-	-	-	120,381
Committed:				
Street paving	-	-	-	-
Unassigned	(100,931)	(193,532)	(62,653)	-
Total all other governmental funds	<u><u>\$ 891,721</u></u>	<u><u>\$ 601,634</u></u>	<u><u>\$ 647,222</u></u>	<u><u>\$ 483,183</u></u>

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

2019	2018	2017	2016	2015	2014
\$ 67,482	\$ 61,173	\$ 110,779	\$ 99,508	\$ 9,554	\$ 465
23,280	15,467	21,253	22,906	21,616	29,422
3,667,147	3,165,691	2,850,890	2,477,112	3,103,928	4,589,898
<u>\$ 3,757,909</u>	<u>\$ 3,242,331</u>	<u>\$ 2,982,922</u>	<u>\$ 2,599,526</u>	<u>\$ 3,135,098</u>	<u>\$ 4,619,785</u>
-	59,446	109,173	92,926	60,005	-
34,444	28,578	23,605	17,736	-	-
58,309	60,020	87,929	97,359	204,052	173,284
63,732	55,622	47,104	3,871,418	7,378,429	12,216
20,091	-	-	-	-	-
-	-	-	-	-	-
99,885	78,600	118,308	85,034	-	-
-	-	-	-	(246,429)	-
(897,328)	(1,104,861)	(122,497)	(432,389)	-	(163,053)
<u>\$ (620,867)</u>	<u>\$ (822,595)</u>	<u>\$ 263,622</u>	<u>\$ 3,732,084</u>	<u>\$ 7,396,057</u>	<u>\$ 22,447</u>

City of El Campo, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
Revenues				
Taxes	\$ 10,985,554	\$ 10,192,754	\$ 9,933,225	\$ 9,133,546
Transportation user fees	145,121	132,054	129,462	-
Licenses and permits	203,985	260,630	189,417	196,908
Intergovernmental	996,662	829,786	317,438	3,357,225
Charges for services	694,329	529,119	276,708	318,542
Fines and forfeitures	226,003	241,866	286,384	227,857
Investment earnings	107,778	15,009	12,761	34,216
Miscellaneous	191,271	106,019	189,319	146,257
Total Revenues	13,550,703	12,307,237	11,334,714	13,414,551
Expenditures				
General government	2,271,796	2,113,723	2,015,843	2,185,823
Public safety	5,124,766	4,610,290	4,311,866	4,283,556
Public works	2,025,001	1,620,052	1,762,429	1,639,032
Parks and recreation	794,828	1,112,378	903,175	966,474
Capital outlay	1,219,383	3,481,918	302,040	2,731,955
Debt Service:				
Principal	1,138,740	1,056,980	1,071,747	1,126,514
Interest and fiscal charges	749,636	699,550	742,834	701,646
Bond issuance costs	-	197,207	39,047	-
Total Expenditures	13,324,150	14,892,098	11,148,981	13,635,000
Excess of Revenues Over (Under)				
Expenditures	226,553	(2,584,861)	185,733	(220,449)
Other Financing Sources (Uses)				
Payment to refunding bond escrow agent	-	(1,328,555)	(1,056,787)	-
Bonds issued	-	3,016,314	1,028,665	-
Premium on bonds issued	-	238,166	67,169	-
Proceeds from sale of assets	-	-	-	4,296
Lease related issuances	428,531	480,888	135,161	563,208
Transfers in	2,048,245	955,073	1,975,214	1,281,737
Transfers (out)	(1,533,271)	(585,336)	(1,532,900)	(406,537)
Total Other Financing Sources (Uses)	943,505	2,776,550	616,522	1,442,704
Net change in fund balances	\$ 1,170,058	\$ 191,689	\$ 802,255	\$ 1,222,255
Debt service as percentage of noncapital expenditures	15.6%	15.4%	16.7%	16.8%

Source: City audited financial records

2019	2018	2017	2016	2015	2014
\$ 9,000,005	\$ 9,255,648	\$ 7,905,639	\$ 7,234,400	\$ 7,565,305	\$ 7,303,676
-	-	-	-	-	-
142,190	135,588	111,119	104,804	185,889	113,905
2,636,314	197,457	221,902	584,907	137,267	149,723
369,669	334,639	363,442	364,958	333,350	273,494
389,204	361,414	391,328	452,739	419,142	475,974
42,963	19,303	37,911	50,050	26,974	9,620
77,183	81,124	93,970	109,106	290,316	374,195
12,657,528	10,385,173	9,125,311	8,900,964	8,958,243	8,700,587
2,219,105	2,805,216	1,855,747	1,958,258	2,638,897	2,645,161
3,945,828	3,809,265	3,612,349	3,791,479	3,604,982	3,666,552
1,590,480	1,386,229	1,259,924	2,040,282	1,513,478	1,753,565
1,036,722	1,005,829	932,092	881,027	1,027,723	937,459
2,755,180	1,021,384	4,679,020	10,248,253	4,409,510	12,506,721
991,553	759,262	383,585	488,685	371,126	197,263
742,300	755,553	646,638	475,018	250,752	123,993
-	-	-	260,643	214,299	3,182,728
13,281,168	11,542,738	13,369,355	28,143,645	14,030,767	25,013,442
(623,640)	(1,157,565)	(4,244,044)	(19,242,681)	(5,072,524)	(16,312,855)
-	-	-	(200,426)	-	-
296,400	-	-	15,640,000	7,436,290	5,078,533
-	-	-	699,821	245,084	-
49,766	-	53,475	10,700	245,302	-
177,873	357,060	-	-	-	-
1,885,700	2,318,293	1,901,931	2,138,684	5,729,718	-
(1,068,793)	(1,514,676)	(1,626,348)	(3,245,643)	(5,646,430)	(1,494,402)
1,340,946	1,160,677	329,058	15,043,136	8,009,964	3,584,131
\$ 717,306	\$ 3,112	\$ (3,914,986)	\$ (4,199,545)	\$ 2,937,440	\$ (12,728,724)
16.5%	14.4%	11.9%	5.4%	6.5%	2.6%

City of El Campo, Texas
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2014	2013	339,656,351	142,088,841	16,542,764	87,609,386	4,778,486
2015	2014	348,994,091	151,116,990	18,417,381	99,641,390	4,586,692
2016	2015	360,142,155	158,635,328	20,120,885	104,453,000	4,086,324
2017	2016	366,600,277	156,410,775	26,528,737	104,176,198	3,424,410
2018	2017	413,172,742	193,858,822	32,949,321	105,019,435	3,054,637
2019	2018	428,569,976	171,687,751	33,106,866	105,952,323	3,289,325
2020	2019	489,527,652	199,826,528	36,189,612	109,507,011	4,243,638
2021	2020	498,383,899	209,385,686	38,638,842	96,209,121	3,484,055
2022	2021	521,583,327	251,504,565	42,012,191	105,720,867	3,295,081
2023	2022	521,498,126	249,938,713	42,022,955	105,652,628	2,974,620

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Wharton County Appraisal District

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
114,047,196	476,628,632	0.50728	476,628,632	100.00%
100,904,970	521,851,574	0.48064	521,851,574	100.00%
104,321,253	543,116,439	0.51580	543,116,439	100.00%
99,455,425	557,684,972	0.59177	557,684,972	100.00%
98,091,076	649,963,881	0.63000	649,963,881	100.00%
102,800,005	639,806,236	0.61410	639,806,236	100.00%
109,917,347	729,377,094	0.56887	735,902,792	100.00%
110,198,811	735,902,792	0.56338	735,902,792	100.00%
119,940,376	804,175,655	0.51410	804,175,655	100.00%
119,940,376	802,146,666	0.48419	802,146,666	100.00%

City of El Campo, Texas
WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED
LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2014	581,607,000	519,861,910	61,745,090	10.62%	365,139,000
2015	566,310,000	505,776,800	60,533,200	10.69%	399,294,000
2016	558,306,050	506,306,050	52,000,000	9.31%	397,794,000
2017	604,146,000	566,035,000	38,111,000	6.31%	438,423,000
2018	606,801,000	534,756,300	72,044,700	11.87%	393,470,000
2019	562,041,000	478,605,000	83,436,000	14.85%	412,748,600
2020	614,073,000	505,916,000	108,157,000	17.61%	393,427,700
2021	586,636,701	508,030,400	78,606,301	13.40%	479,267,000
2022	657,998,000	570,909,400	87,088,600	13.24%	376,563,000
2023	664,622,000	573,740,200	90,881,800	13.67%	404,925,000

SOURCE: City of El Campo

Total Direct Rate		
Base	Water	Sewer
Rate	Usage	Usage
Rate	Rate	Rate
22.30	2.01	4.13
24.07	2.16	4.13
26.65	2.55	4.13
26.65	2.92	4.45
26.65	2.92	4.45
26.65	2.92	4.45
27.29	2.98	4.50
27.25	2.95	4.50
29.25	3.15	4.75
29.25	3.15	4.75

City of El Campo, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates			
	Debt Service	General Fund	Total	School District	Junior College	Wharton County/ FMLR	Emergency Services District #1
2014	0.0331	0.4475	0.4806	1.1957	0.1342	0.4881	0.0300
2015	0.0960	0.4146	0.5106	1.1780	0.1266	0.4600	0.0300
2016	0.1773	0.4145	0.5918	1.1981	0.1303	0.4900	0.0300
2017	0.1991	0.4309	0.6300	1.1980	0.1371	0.4900	0.0300
2018	0.1722	0.4419	0.6141	1.1980	0.1355	0.4750	0.0500
2019	0.1850	0.4472	0.6322	1.2080	0.1435	0.4750	0.0500
2020	0.1757	0.3931	0.5689	1.1264	0.1393	0.4623	0.0500
2021	0.1996	0.3638	0.5634	1.1264	0.1368	0.4587	0.0500
2022	0.1834	0.3307	0.5141	1.0765	0.1318	0.4248	0.0497
2023	0.1759	0.3083	0.4842	1.0527	0.1299	0.3906	0.0477

SOURCE: Tax department records of the various taxing authorities.

Overlapping Rates

Coastal Bend Groundwater Conservation District	Emergency Services District #4	West Wharton County Hospital District	Total
0.0076	0.0618	0.1760	2.5740
0.0077	0.0598	0.1613	2.5339
0.0085	0.0634	0.1875	2.6995
0.0085	0.0676	0.1998	2.7610
0.0083	0.0676	0.2039	2.7524
0.0083	0.0682	0.2220	2.8061
0.0080	0.0633	0.2216	2.6398
0.0080	0.0625	0.2216	2.6274
0.0071	0.0573	0.2203	2.4815
0.0064	0.0675	0.2190	2.3978

City of El Campo, Texas
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2023

Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Inc.	\$ 14,037,885	1.75%
Wal-Mart Stores	11,483,239	1.43%
Shoppas Farm Supply	8,403,278	1.05%
Simplot Grower Solutions	7,247,515	0.90%
Kansas City Southern Railway	7,131,840	0.89%
Greenpoint Ag LLC #2510	6,905,513	0.86%
El Campo Lagoon Enterprises	6,354,768	0.79%
Larrett Energy Services, LLC	4,500,750	0.56%
AES Drilling Fluids, LLC	4,429,206	0.55%
HEB Grocery Co, LP	4,174,636	0.52%
	<u>\$ 74,668,630</u>	<u>9.31%</u>

2014

Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Key Energy Services, Inc.	\$ 11,761,467	2.98%
Wal Mart Stores	11,544,203	2.92%
United Agriculture Coop Inc.	5,837,932	1.48%
Winfield Solutions LLC	5,537,820	1.40%
American Electric Power	5,249,970	1.33%
Kansas City Southern Railway	4,680,270	1.18%
HEB	4,050,763	1.03%
Helena Chemical Company	3,349,910	0.85%
David Don Motor Co. Inc.	3,193,596	0.81%
Sutherland Lumber Southweat Inc.	3,099,660	0.78%
	<u>\$ 61,554,541</u>	<u>14.75%</u>

SOURCE: Wharton County Tax Assessor/Collector

City of El Campo, Texas
TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

2023

Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Isaacson Municipal Utility District	Municipal District	157,639	2.75%
El Campo Housing Authority	Housing	155,422	2.71%
Speedy Stop Food Stores	Commercial Store/Car Wash	136,527	2.38%
El Campo Independent School District	School	124,819	2.18%
Seatex Ltd	Manufacturing	107,739	1.88%
Jr's Smokehouse	Manufacturing	78,193	1.36%
Roane & Roane Properties	Housing	61,993	1.08%
El Campo Mobile Home Park, LLC	Housing	59,823	1.04%
El Campo Memorial Hospital	Hopsital	52,648	0.92%
Greenbriar Apartments Living	Housing	37,800	0.66%

2014

Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
El Campo Housing Authority	Housing	159,877	2.38%
Isaacson Municipal Utility District	Municipal District	145,350	2.17%
Jones-Co Properties	Housing	53,726	0.80%
PHPM Mission Care Centers	Housing	45,240	0.67%
El Campo Memorial Hospital	Hospital	43,911	0.65%
Roane & Roane Properties	Housing	43,586	0.65%
Country Aire Mobile Home Park	Housing	36,713	0.55%
El Campo Independent School Dist.	School	31,739	0.47%
Oakcrest Apartments	Housing	30,710	0.46%
El Campo Inn	Hotel	24,865	0.37%

SOURCE: City of El Campo Utility Billing Office



City of El Campo, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$	2,841,656	\$ 2,776,467	97.71%	\$ 43,156	\$ 2,819,623	99.22%
2014		2,849,544	2,752,813	96.61%	42,193	2,795,006	98.09%
2015		3,054,937	3,050,108	99.84%	9,421	3,059,529	100.00%
2016		3,607,600	3,517,476	97.50%	67,943	3,585,419	99.39%
2017		3,950,416	3,861,171	97.74%	111,407	3,972,578	100.00%
2018		4,195,391	4,090,357	97.50%	88,893	4,179,250	99.62%
2019		4,256,157	4,229,537	99.37%	87,542	4,317,079	100.00%
2020		4,264,543	4,217,113	98.89%	83,443	4,300,556	100.00%
2021		4,315,654	4,222,398	97.84%	63,497	4,285,895	99.31%
2022		4,351,700	4,279,517	98.34%	37,104	4,316,621	99.19%
2023		4,423,710	4,341,150	98.13%	-	4,341,150	98.13%

SOURCE: City of El Campo
Wharton County Tax Assessor/Collector

City of El Campo, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						State Infrastructure Bank Loan
	Certificates of Obligation	General Obligation Bonds	Tax Notes	Premiums	Leases & Notes		
2014	\$ 5,030,364	\$ 1,926,633	\$ -	\$ -	\$ 298,554	\$ -	
2015	7,320,841	7,012,534	-	-	242,086	-	
2016	7,014,586	14,532,428	-	-	190,860	8,000,000	
2017	6,742,996	14,259,380	-	-	251,376	8,000,000	
2018	6,472,011	14,928,730	-	-	500,052	8,000,000	
2019	6,492,060	14,324,803	-	-	519,465	8,000,000	
2020	5,910,084	10,767,320	254,800	905,691	868,489	8,000,000	
2021	5,295,549	10,408,665	213,200	881,119	691,584	8,000,000	
2022	3,715,554	13,003,861	171,600	1,020,810	867,707	7,987,516	
2023	3,522,934	12,431,309	130,000	965,528	1,016,946	7,934,840	

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

SOURCE: City of El Campo

Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
Certificates of Obligation	General Obligation Bonds	Tax Notes	Premiums	Leases & Notes				
\$ 8,559,636	\$ 1,028,367	\$ -	\$ -	\$ 284,840	\$ 17,128,394	3.91%	\$ 1,370	
8,511,158	1,467,465	-	-	945,805	25,499,889	5.38%	2,040	
5,620,413	1,277,573	-	-	727,711	37,363,571	7.77%	2,989	
5,140,002	1,135,620	-	-	581,232	36,110,606	7.51%	2,889	
4,728,491	990,513	-	-	420,221	36,040,018	7.49%	2,883	
4,657,829	842,251	-	-	280,028	35,116,436	7.30%	2,809	
2,761,410	3,697,680	310,200	303,256	3,527,521	37,306,451	7.76%	2,985	
4,347,944	5,016,335	196,800	590,322	3,466,996	39,108,514	8.13%	3,129	
3,809,940	4,806,139	158,400	558,095	3,296,310	39,395,932	8.19%	3,152	
3,674,560	4,183,691	120,000	509,033	3,147,619	37,636,460	7.82%	3,011	

City of El Campo, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Debt Service Monies Available	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	Certificates of Obligation	General Obligation Bonds	Total				
2014	5,030,364	1,926,633	6,956,997	53,639	6,903,358	100%	595
2015	15,831,999	8,479,999	24,311,998	60,005	24,251,993	100%	2,090
2016	12,743,187	16,900,352	29,643,539	-	29,643,539	100%	2,555
2017	11,882,998	15,395,000	27,277,998	-	27,277,998	100%	2,351
2018	11,200,502	15,919,243	27,119,745	-	27,119,745	100%	2,338
2019	11,149,889	15,167,054	26,316,943	-	26,316,943	100%	2,268
2020	8,671,494	14,465,000	23,136,494	-	23,136,494	100%	1,994
2021	9,643,493	15,425,000	25,068,493	51,951	25,016,542	100%	2,156
2022	7,525,494	17,810,000	25,335,494	-	25,335,494	100%	2,184
2,023	7,197,494	16,615,000	23,812,494	345,420	23,467,074	100%	2,023

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

SOURCE: City of El Campo

City of El Campo, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2023

	<u>Gross Debt Outstanding</u>		<u>Percentage</u>	<u>Amount</u>
	<u>Date</u>	<u>Amount</u>	<u>Applicable</u>	<u>Applicable</u>
			<u>To City</u>	<u>To City</u>
Direct Debt:				
City of El Campo	9/30/2023	\$ 26,001,557	100.00%	\$ 26,001,557
Overlapping Debt:				
Wharton County	12/31/2022	-		-
El Campo Independent School District	8/31/2021	<u>27,947,980</u>	42.31%	<u>11,824,790</u>
Total Overlapping Debt		<u>27,947,980</u>		<u>11,824,790</u>
Total		<u><u>\$ 53,949,537</u></u>		<u><u>\$ 37,826,347</u></u>

NOTE: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000, or

SOURCE: City of El Campo, El Campo Independent School District, Wharton County

City of El Campo, Texas

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Revenue Bonds				
	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements	Times Debt Coverage
2014	\$ 5,028,200	\$ 3,590,114	\$ 1,438,086	\$ 507,493	2.83
2015	5,231,870	4,143,637	1,088,233	600,706	1.81
2016	5,611,993	3,456,087	2,155,906	908,546	2.37
2017	5,693,349	4,446,349	1,247,000	923,213	1.35
2018	5,842,920	4,495,631	1,347,289	1,247,289	1.08
2019	5,973,548	4,426,526	1,547,022	1,365,227	1.13
2020	6,423,617	5,385,650	1,037,967	932,885	1.11
2021	7,632,478	3,875,912	3,756,566	960,898	3.91
2022	8,569,333	4,761,295	3,808,038	783,270	4.86
2023	7,894,021	5,467,081	2,426,940	1,019,004	2.38

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

"Gross Revenue" as used herein refers to all operating revenues and all interest income of Utility Fund. "Direct Operating Expenses" is defined as all operating expenses of the Utility Fund (which does not include capital outlay or interest expense) less depreciation and amortization.

SOURCE: City of El Campo

City of El Campo, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income (000's)	Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
2014	11,602	437,976	37,750	3,652	4.3%
2015	11,602	474,162	40,869	3,600	4.7%
2016	11,602	481,019	41,460	3,625	4.6%
2017	11,602	481,019	41,460	3,658	3.5%
2018	11,602	481,019	41,460	3,651	4.0%
2019	11,602	481,019	41,460	3,682	3.7%
2020	11,602	481,019	41,460	3,627	7.9%
2021	11,630	481,019	41,460	3,225	7.1%
2022	11,630	481,019	41,460	3,282	3.8%
2023	12,179	481,019	62,667	3,404	3.9%

SOURCE: (1) Population figures for the years are estimates provided by the City.

(2) El Campo Independent School District

(3) Texas Labor Market

City of El Campo, Texas

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

2023		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	525	11%
El Campo Memorial Hospital	418	9%
Prasek's	320	7%
Greenleaf Nursery	308	7%
WalMart	220	5%
HEB	201	4%
City of El Campo	163	3%
Junior's Texas Best	130	3%
United Ag	120	3%
Pioneer	110	2%
	2,515	53%

2014

Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	497	11%
Greenleaf Nursery	376	8%
El Campo Memorial Hospital	212	4%
Wal-Mart	192	4%
HEB	180	4%
Prasek's Hillje Smokehouse	160	3%
City of El Campo	110	2%
Mark's Machine	99	2%
New ICM	91	2%
Key Energy	70	1%
	1,987	42%

NOTE: Information is based on the City of El Campo, Texas area, which includes Hillje, Texas.

SOURCE: City of El Campo

City of El Campo, Texas
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2015	2016	2017
Function/Program				
General government:				
Administration	2	2	2	2
Finance	4	2	2	2
Personnel	-	1	1	1
Municipal court	4	4	5	4
Inspections	4	4	5	5
GIS	-	-	-	-
Public Safety:				
Police	35	35	35	35
Communications	8	8	8	8
Emergency management				
EMS	11	11	14	14
Public Works:				
Administration	4	4	3	3
Streets and drainage	13	13	12	12
Vehicle Maintenance	2	2	2	2
Community and recreational services	1	1	1	-
Parks maintenance	5	5	5	5
Facilities management	-	-	-	-
Aquatic center	1	1	1	1
Water and Sewer:				
Administration	3	3	4	4
Water production and distribution	5	5	5	5
Wastewater collection	5	5	5	5
Wastewater treatment	2	2	2	2
Total	109	108	112	110

NOTE: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

2018	2019	2020	2021	2022	2023
2	2	3	3	3	3
3	3	3	3	2	3
1	1	1	1	1	1
4	4	4	4	4	4
5	5	5	4	6	6
-	-	-	1	1	1
36	36	35	35	36	40
8	8	9	9	8	8
			-	1	1
14	15	15	15	15	15
3	2	2	2	2	2
11	11	12	12	12	12
2	2	2	2	2	2
-	-	-	-	-	-
6	6	7	7	5	5
-	-	-	-	2	2
1	2	2	2	1	1
3	3	3	3	3	3
5	6	6	6	5	5
5	5	5	5	5	5
2	2	2	2	3	3
111	113	116	116	117	122

City of El Campo, Texas
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019
Function/Program						
General government:						
Building permits issued	539	553	588	526	496	604
Building inspections conducted	485	450	434	278	225	556
Fire inspections conducted	13	14	14	8	25	25
Public safety:						
Police:						
Physical arrests	1,322	1,231	1,260	1,260	966	1,050
Traffic violations (includes warnings)	9,555	9,396	9,539	9,539	7,770	6,113
Fire:						
Total Incidents	201	224	189	189	227	336
Streets and highways:						
Street resurfacing (miles)	7.34	12.70	13.70	13.70	11.60	10.90
Full depth reclamation						
Water and wastewater:						
Water:						
Active water connections	4,739	4,760	4,227	4,802	4,808	4,804
Average daily consumption (in 000's)	1,594	1,547	1,532	1,647	1,662	1,560
Peak daily consumption (in 000's)	3,266	3,680	2,835	2,876	3,053	3,146
Wastewater:						
Active sewer connections	4,288	4,612	4,077	4,344	4,350	4,367
Average daily flow	1,000	1,092	1,092	1,201	1,079	1,140

NOTE: N/A denotes information is not available.

SOURCE: Various City departments

2020	2021	2022	2023
635	557	533	571
505	195	375	314
20	13	55	82
887	847	1,020	844
3,471	4,112	4,611	4,778
288	356	266	248
12.10	7.95	7.02	7.53
		2.78	1.30
4,858	4,884	4,907	4,929
1,691	4,234	4,758	4,947
3,480	5,503	3,375	3,674
4,414	4,438	4,454	4,455
1,075	3,994	3,138	3,374

City of El Campo, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019
Function/Program						
Public safety:						
Police:						
Stations	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5
Fire:						
Fire stations	1	1	1	1	1	1
Public Works:						
Streets:						
Streets paved (miles)	80.3	80.3	80.3	80.3	80.3	80.8
Streets unpaved (miles)	3.1	3.5	3.5	3.5	3.5	3.5
Parks:						
Acreage	63.5	63.5	63.5	63.5	116.8	116.8
Swimming Pools	1	1	1	1	1	1
Tennis Courts	8	8	8	8	4	4
Pickleball courts	-	-	-	-	-	-
Community Centers	1	1	1	1	1	1
Skate Park	-	-	-	-	1	1
Water and wastewater:						
Water:						
Water mains (miles)	109.9	110.1	113.4	113.4	118.9	118.9
Wastewater:						
Sanitary sewers (miles)	86	88	88	90	91	91
Storm sewers (miles)	40	15	15	15	15	15

SOURCE: Various City departments

** Does not include roads maintained by TxDOT or privately owned roads.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1	1	1	1
7	8	8	8
1	1	1	1
80.8	80.8	80.8	80.8
3.5	3.5	3.5	3.5
116.8	116.8	116.8	116.8
1	1	1	1
4	4	2	2
-	-	2	2
1	1	1	1
1	1	1	1
118.9	120.8	120.8	120.8
91	94	94	94
15	15	15	15