

CITY OF BANDERA, TEXAS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2024

CITY OF BANDERA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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# NEFFENDORF & BLOCKER, P.C.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of  
the City Council  
City of Bandera, Texas  
Bandera, TX 78003

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bandera, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Bandera, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bandera, Texas as of September 30, 2024, and the respective changes in financial position, and , where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Bandera, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios on pages 4-9 and 42-50 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bandera, Texas' basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of the City of Bandera's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bandera's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bandera's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Neffendorf & Blocker P.C." in a cursive script.

NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas

March 26, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bandera, we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2024. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 9.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,316,605 (net position). Of this amount, \$2,362,826 (unrestricted net position) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net position increased by \$942,016 as a result of this year's operations.
- At September 30, 2024, the City's governmental funds reported combined ending fund balances of \$4,807,438, a decrease of \$113,213 in comparison with the prior year.
- At September 30, 2024, the City's Enterprise Funds reported unrestricted net position of \$606,409, an increase of \$90,944 in comparison with the prior year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 through 12). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The government-wide financial statements include not only the City itself (known as the primary government), but also component unit: Bandera Economic Development Corporation. Financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements for the component unit are available from the Bandera Economic Development Corporation upon request.

Fund financial statements (beginning on page 13) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (general fund), Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total OPEB Liability and Related Ratios are presented as required supplementary information on page 42 through 50.

## **Reporting the City as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the City's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activity:

- Governmental activity - Most of the City's basic services are reported here, including the public safety, municipal court and administration. Property taxes, user charges, sales tax and franchise tax finance most of these activities.
- Business-type activity - The City's water and sewer system and sanitation are reported as a business-type activity since the fees charged to customers cover the cost of services provided.

## **Reporting the City's Most Significant Funds**

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

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

The City has two kinds of funds:

- Governmental funds - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in Note II to the financial statements.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's utility fund (Water, Sewer, and Sanitation) is a business-type activity and provides both long and short-term financial information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental activities increased from \$2,485,617 to \$2,701,742. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$1,756,417 at September 30, 2024. This increase in governmental net position was the result of five factors. First, the City's expenditures exceeded the revenues by \$113,213. Second the City acquired capital assets in the amount of \$406,899 and paid principal on long-term debt in the amount of \$189,601. Third, the City recorded depreciation and amortization in the amount of \$208,734. Fourth, due to the entries required by GASB Statement No. 68 an increase in expenses was necessary in the amount of \$50,612. Fifth, due to the entries required by GASB Statement No. 75 a decrease in expenses was necessary in the amount of \$960.

Net position of the City's business-type activities increased from \$7,888,972 to \$8,614,863. Unrestricted net position was \$606,409 at September 30, 2024. This increase in business-type net position was the result of net income of \$725,891.

**Table I**  
**City of Bandera**

### **NET POSITION** **In thousands**

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2024	2023	2024	2023	2024	2023
Current and Restricted Assets	\$ 7,509	\$ 7,839	\$ 1,061	\$ 731	\$ 8,570	\$ 8,570
Capital Assets	3,313	3,139	8,023	7,393	11,336	10,532
Total Assets	\$ 10,822	\$ 10,978	\$ 9,084	\$ 8,124	\$ 19,906	\$ 19,102
Deferred Outflow of Resources						
Pension Plan	174	262	52	78	226	340
OPEB Plan	10	13	3	4	13	17
Total Deferred Outflows of Resources	\$ 184	\$ 275	\$ 55	\$ 82	\$ 239	\$ 357
Long-Term Liabilities	\$ 5,451	\$ 5,661	\$ 14	\$ 20	\$ 5,465	\$ 5,681
Net Pension Liability	53	98	16	29	69	127
OPEB Liability	77	69	23	21	100	90
Other Liabilities	2,703	2,915	465	240	3,168	3,155
Total Liabilities	\$ 8,284	\$ 8,743	\$ 518	\$ 310	\$ 8,802	\$ 9,053
Deferred Inflow of Resources						
Pension Plan	\$ 8	\$ -	\$ 2	\$ -	\$ 10	\$ -
OPEB Plan	13	24	4	7	17	31
Total Deferred Inflows of Resources	\$ 21	\$ 24	\$ 6	\$ 7	\$ 27	\$ 31
Net Position:						
Net Investment in Capital Assets	\$ 742	\$ 762	\$ 8,009	\$ 7,374	\$ 8,751	\$ 8,136
Restricted	203	246	-	-	203	246
Unrestricted	1,756	1,478	606	515	2,362	1,993
Total Net Position	\$ 2,701	\$ 2,486	\$ 8,615	\$ 7,889	\$ 11,316	\$ 10,375

**Table II**  
**City of Bandera**

**CHANGES IN NET POSITION**  
**In thousands**

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for Services	\$ 177	\$ 221	\$ 1,940	\$ 1,892	\$ 2,117	\$ 2,113
Operating and Capital Grants	28	425	589	1,417	617	1,842
General Revenues:						
Property Taxes	775	588			775	588
Sales Tax	849	845			849	845
Other Taxes	284	243			284	243
Miscellaneous	49	36	102		151	36
Grants and Contributions	2	19	92	92	94	111
Interest Earnings	340	282			340	282
Total Revenue	\$ 2,504	\$ 2,659	\$ 2,723	\$ 3,401	\$ 5,227	\$ 6,060
Expenses:						
General and Administrative	\$ 932	\$ 855			\$ 932	\$ 855
Marshal/Police Protection	708	556			708	556
Municipal Court	138	154			138	154
Fire Department Donation	9	8			9	8
Streets Department	202	244			202	244
Animal Control	3	1			3	1
Parks	179	213			179	213
Hotel/Motel	152	80			152	80
Water and Sewer			1,728	1,566	1,728	1,566
Debt Service - Interest	61	62			61	62
Capital Outlay	174	1,417			174	
Total Expenses	\$ 2,558	\$ 3,590	\$ 1,728	\$ 1,566	\$ 4,286	\$ 3,739
Increase (Decrease) in Net Position						
Before Transfers & Capital Contributions	\$ (54)	\$ (931)	\$ 995	\$ 1,835	\$ 941	\$ 904
Transfers	269	616	(269)	(616)	-	-
Insurance Recovery	-	-	-	119	-	119
Net Change	215	(315)	726	1,338	941	1,023
Net Position - Beginning	2,486	2,808	7,889	6,655	10,375	9,463
Prior Period Adjustment		(7)		(104)	-	(111)
Net Position - Ending	\$ 2,701	\$ 2,486	\$ 8,615	\$ 7,889	\$ 11,316	\$ 10,375

The cost of all governmental activities this year was \$2,558,263. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$774,873 because the other costs were paid by other taxes (\$1,132,930), user charges (\$177,112), grants (\$30,499), interest (\$340,195) and other miscellaneous revenues (\$48,948).

## THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a fund balance of \$4,807,438, which is less than last year's total of \$4,920,651. Included in this year's total change in fund balance is a decrease of \$23,005 in the City's General Fund. The decrease in the General Fund balance was due an increase in expenditures for general and administrative, marshal's department and street department functions.

The City adopted the General Fund Budget. Actual revenues were less than budgeted amounts and actual expenditures were more than the budgeted amounts.

## CAPITAL ASSETS

At September 30, 2024, the City had the following amounts invested in capital assets, net of depreciation:

	CAPITAL ASSETS				TOTALS	
	Governmental Activities		Business-Type Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Land and Improvements	\$ 480,000	\$ 480,000	\$ 10,934	\$ 10,934	\$ 490,934	\$ 490,934
Buildings and Improvements	1,170,227	1,170,227	36,012	36,012	1,206,239	1,206,239
Infrastructure	2,438,757	2,419,257	7,562,080	7,419,166	10,000,837	9,838,423
Machinery & Equipment	496,171	383,594	479,000	354,842	975,171	738,436
Construction In Progress	1,258,299	1,035,261	3,494,354	2,939,380	4,752,653	3,974,641
Right-to-Use Leased Assets	28,698	29,413	28,698	55,790	57,396	85,203
SBITA Assets	-	24,889	-	-	-	24,889
Total Capital Assets	\$ 5,872,152	\$ 5,542,641	\$ 11,611,078	\$ 10,816,124	\$ 17,483,230	\$ 16,358,765
Less: Accumulated Depreciation	(2,543,887)	(2,392,559)	(3,573,361)	(3,386,283)	(6,117,248)	(5,778,842)
Less: Accumulated Amortization	(14,891)	(10,814)	(14,891)	(36,361)	(29,782)	(47,175)
Capital Assets, Net	\$ 3,313,374	\$ 3,139,268	\$ 8,022,826	\$ 7,393,480	\$ 11,336,200	\$ 10,532,748

More detailed information about the City's capital assets is presented in Note E and F to the financial statements.

## DEBT

At September 30, 2024, the City had the following outstanding debt:

	OUTSTANDING DEBT				TOTALS	
	Governmental Activities		Business-Type Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Bonds Payable	\$ 5,437,000	\$ 5,621,000	\$ -	\$ -	\$ 5,437,000	\$ 5,621,000
Right-to-Use Lease Liability	14,372	19,973	14,372	19,973	28,744	39,946
SBITA Liability	-	19,639	-	-	-	19,639
Total Outstanding Debt	\$ 5,451,372	\$ 5,660,612	\$ 14,372	\$ 19,973	\$ 5,465,744	\$ 5,680,585

The City paid \$195,202 in principal payments on long-term debt.

More detailed information about the City's long-term liabilities is presented in Notes H, I, and J to the financial statements.

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

The City's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget and tax rates. The major factors are the assessed property valuation and population growth. These indicators were taken into account when adopting the General Fund budget for 2025. Amounts available for appropriation in the General Fund budget are \$2,024,875 and expenditures are estimated to be \$1,937,386.

If these estimates are realized, the City's budgetary General fund balance will increase \$87,489 by the close of 2025.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Bandera, Texas.

CITY OF BANDERA, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

EXHIBIT A-1

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Bandera Economic Development
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 492,328	\$ 561,915	\$ 1,054,243	\$ 484,475
Investments - Current	1,651,441	-	1,651,441	628,327
Accounts Receivable, Net	51,146	167,671	218,817	-
Due from Other Governments	208,599	127,104	335,703	-
Due from Other Funds	(204,895)	204,895	-	131,560
Temporarily Restricted Asset- TWDB FIF	5,069,507	-	5,069,507	-
Temporarily Restricted Asset- TWDB DWSRF	240,883	-	240,883	-
Capital Assets:				
Land	480,000	10,934	490,934	522,438
Infrastructure, Net	769,709	-	769,709	17,589
Buildings, Net	628,728	-	628,728	-
Infrastructure, Net	-	4,298,136	4,298,136	-
Machinery and Equipment, Net	162,831	205,595	368,426	4,577
Right-to-Use Lease Assets	13,807	13,807	27,614	-
Construction in Progress	1,258,299	3,494,354	4,752,653	-
Total Assets	10,822,383	9,084,411	19,906,794	1,788,966
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow Related to Pension Plan	173,981	52,394	226,375	-
Deferred Outflow Related to OPEB	10,166	3,062	13,228	-
Total Deferred Outflows of Resources	184,147	55,456	239,603	-
<b>LIABILITIES</b>				
Accounts Payable	55,836	310,500	366,336	928
Wages and Salaries Payable	28,396	6,857	35,253	-
Compensated Absences Payable	36,502	8,648	45,150	-
Intergovernmental Payable	-	4,258	4,258	-
Due to Others	315	44,247	44,562	-
Due to Component Unit	131,560	-	131,560	-
Accrued Interest Payable	9,799	-	9,799	-
Deferred Revenues	2,430,000	69,341	2,499,341	-
Other Current Liabilities	10,907	21,579	32,486	-
Noncurrent Liabilities:				
Due Within One Year	189,640	5,640	195,280	-
Due in More than One Year:				
Bonds Payable - Noncurrent	5,253,000	-	5,253,000	-
Right-to-Use Lease Liabilities - Noncurrent	8,732	8,732	17,464	-
Net Pension Liability	52,703	15,871	68,574	-
Net OPEB Liability	76,500	23,037	99,537	-
Total Liabilities	8,283,890	518,710	8,802,600	928
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow Related to Pension Plan	8,201	2,470	10,671	-
Deferred Inflow Related to OPEB	12,697	3,824	16,521	-
Total Deferred Inflows of Resources	20,898	6,294	27,192	-
<b>NET POSITION</b>				
Net Investment in Capital Assets and Lease Assets Restricted:	742,392	8,008,454	8,750,846	544,604
Restricted for Special Revenue	137,009	-	137,009	-
Restricted for Debt Service	65,924	-	65,924	-
Restricted for Economic Development	-	-	-	1,243,434
Unrestricted	1,756,417	606,409	2,362,826	-
Total Net Position	\$ 2,701,742	\$ 8,614,863	\$ 11,316,605	\$ 1,788,038

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



CITY OF BANDERA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
City Council	\$ 10,075	\$ -	\$ -	\$ -
Administrator	455,879	-	-	-
City Secretary	171,915	-	-	-
Municipal Court	138,364	38,836	-	-
Finance Department	157,339	-	-	-
Marshal's Department	707,837	-	4,757	22,500
Fire Department	9,329	-	-	-
Code Compliance	92,425	-	-	-
Permitting Department	43,917	73,610	-	-
Streets Department	201,697	23,466	-	-
Animal Control	3,301	195	-	-
Parks Department	162,383	41,005	-	-
Seasonal Parks Department	16,824	-	-	-
Hotel/Motel	151,881	-	-	-
Interest on Debt	60,642	-	-	-
Other Debt Service	275	-	-	-
Capital Outlay	174,180	-	-	1,642
Total Governmental Activities	2,558,263	177,112	4,757	24,142
BUSINESS-TYPE ACTIVITIES:				
Utility Fund	1,728,418	1,940,338	-	589,149
Total Business-Type Activities	1,728,418	1,940,338	-	589,149
TOTAL PRIMARY GOVERNMENT	\$ 4,286,681	\$ 2,117,450	\$ 4,757	\$ 613,291
Component Unit:				
Bandera Economic Development Corporation	\$ 239,053	\$ -	\$ -	\$ -
TOTAL COMPONENT UNITS	\$ 239,053	\$ -	\$ -	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Hotel Occupancy Tax

Franchise Tax

Other Taxes

Penalty and Interest on Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Bandera Economic Development
(10,075)	-	(10,075)	-
(455,879)	-	(455,879)	-
(171,915)	-	(171,915)	-
(99,528)	-	(99,528)	-
(157,339)	-	(157,339)	-
(680,580)	-	(680,580)	-
(9,329)	-	(9,329)	-
(92,425)	-	(92,425)	-
29,693	-	29,693	-
(178,231)	-	(178,231)	-
(3,106)	-	(3,106)	-
(121,378)	-	(121,378)	-
(16,824)	-	(16,824)	-
(151,881)	-	(151,881)	-
(60,642)	-	(60,642)	-
(275)	-	(275)	-
(172,538)	-	(172,538)	-
(2,352,252)	-	(2,352,252)	-
-	801,069	801,069	-
-	801,069	801,069	-
(2,352,252)	801,069	(1,551,183)	-
-	-	-	(239,053)
-	-	-	(239,053)
705,695	-	705,695	-
69,178	-	69,178	-
848,644	-	848,644	423,611
89,737	-	89,737	-
131,870	-	131,870	-
58,236	-	58,236	-
4,443	-	4,443	-
1,600	92,000	93,600	-
48,948	102,653	151,601	-
340,195	-	340,195	22,239
269,831	(269,831)	-	-
2,568,377	(75,178)	2,493,199	445,850
216,125	725,891	942,016	206,797
2,485,617	7,888,972	10,374,589	1,581,241
\$ 2,701,742	\$ 8,614,863	\$ 11,316,605	\$ 1,788,038

CITY OF BANDERA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 19,772	\$ 246,212	\$ 226,344	\$ 492,328
Investments - Current	1,651,441	-	-	1,651,441
Taxes Receivable	33,594	-	3,239	36,833
Accounts Receivable, Net	-	-	6,589	6,589
Due from Other Governments	208,599	-	-	208,599
Due from Other Funds	455,681	-	-	455,681
Temporarily Restricted Asset- TWDB FIF	-	5,069,507	-	5,069,507
Temporarily Restricted Asset- TWDB DWSRF	-	240,883	-	240,883
Total Assets	<u>\$ 2,369,087</u>	<u>\$ 5,556,602</u>	<u>\$ 236,172</u>	<u>\$ 8,161,861</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 25,836	\$ -	\$ 30,000	\$ 55,836
Wages and Salaries Payable	28,396	-	-	28,396
Due to Other Funds	204,895	455,681	-	660,576
Due to Others	315	-	-	315
Due to Component Unit	131,560	-	-	131,560
Deferred Revenues	-	2,430,000	-	2,430,000
Other Current Liabilities	10,907	-	-	10,907
Total Liabilities	<u>401,909</u>	<u>2,885,681</u>	<u>30,000</u>	<u>3,317,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	33,594	-	3,239	36,833
Total Deferred Inflows of Resources	<u>33,594</u>	<u>-</u>	<u>3,239</u>	<u>36,833</u>
<b>FUND BALANCES</b>				
Restricted for Special Revenue	-	-	137,009	137,009
Capital Acquisition and Contractual Obligation	-	2,544,807	-	2,544,807
Retirement of Long-Term Debt	-	-	65,924	65,924
Other Committed Fund Balance	-	126,114	-	126,114
Unassigned Fund Balance	1,933,584	-	-	1,933,584
Total Fund Balances	<u>1,933,584</u>	<u>2,670,921</u>	<u>202,933</u>	<u>4,807,438</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,369,087</u>	<u>\$ 5,556,602</u>	<u>\$ 236,172</u>	<u>\$ 8,161,861</u>

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

CITY OF BANDERA, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

<b>Total Fund Balances - Governmental Funds</b>	\$ 4,807,438
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(2,521,344)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase net position.	596,500
The City is required under GASB Statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a deferred resource outflow of \$173,981, a net pension liability of \$52,703 and a deferred resource inflow of \$8,201. The net effect of these was to increase net position by \$113,077.	113,077
The City is required under GASB Statement No. 75 to report their OPEB benefit plan through TMRS. The requirement resulted in a deferred resource outflow of \$10,166, an OPEB liability of \$76,500 and a deferred resource inflow of \$12,697. The net effect of these was to decrease net position by \$79,031.	(79,031)
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use lease assets.	(208,734)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(6,164)
<b>Net Position of Governmental Activities</b>	<u>\$ 2,701,742</u>

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

CITY OF BANDERA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 700,722	\$ -	\$ 67,832	\$ 768,554
General Sales and Use Taxes	848,644	-	-	848,644
Hotel Occupancy Tax	-	-	89,737	89,737
Franchise Tax	131,870	-	-	131,870
Other Taxes	58,236	-	-	58,236
Penalty and Interest on Taxes	4,443	-	-	4,443
Licenses and Permits	65,434	-	-	65,434
Intergovernmental Revenue and Grants	27,257	1,642	-	28,899
Charges for Services	48,326	23,466	1,969	73,761
Fines	36,867	-	-	36,867
Investment Earnings	55,874	284,321	-	340,195
Rents and Royalties	1,050	-	-	1,050
Contributions & Donations from Private Sources	1,600	-	-	1,600
Other Revenue	14,435	-	6,740	21,175
Total Revenues	1,994,758	309,429	166,278	2,470,465
<b>EXPENDITURES:</b>				
Current:				
City Council	9,235	-	-	9,235
Administrator	411,593	-	-	411,593
City Secretary	151,698	-	-	151,698
Municipal Court	117,774	-	7,032	124,806
Finance Department	139,625	-	-	139,625
Marshal's Department	704,282	-	564	704,846
Fire Department	8,549	-	-	8,549
Code Compliance	81,376	-	-	81,376
Permitting Department	39,715	-	-	39,715
Streets Department	254,060	-	-	254,060
Animal Control	3,025	-	-	3,025
Parks Department	150,949	-	-	150,949
Seasonal Parks Department	15,390	-	-	15,390
Hotel/Motel	-	-	139,187	139,187
Debt Service:				
Principal on Debt	5,601	-	184,000	189,601
Interest on Debt	121	-	60,725	60,846
Other Debt Service	-	-	275	275
Capital Outlay:				
Capital Outlay	-	397,218	-	397,218
Total Expenditures	2,092,993	397,218	391,783	2,881,994
Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,235)	(87,789)	(225,505)	(411,529)
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Real and Personal Property	20,952	-	-	20,952
Transfers In	134,805	167,649	184,000	486,454
Other Resources	7,533	-	-	7,533
Transfers Out	(88,060)	(47,661)	(80,902)	(216,623)
Total Other Financing Sources (Uses)	75,230	119,988	103,098	298,316

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

CITY OF BANDERA, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
Net Change in Fund Balances	(23,005)	32,199	(122,407)	(113,213)
Fund Balance - October 1 (Beginning)	<u>1,956,589</u>	<u>2,638,722</u>	<u>325,340</u>	<u>4,920,651</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,933,584</u>	<u>\$ 2,670,921</u>	<u>\$ 202,933</u>	<u>\$ 4,807,438</u>

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

CITY OF BANDERA, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (113,213)</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase the change in net position.	596,500
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is a decrease of \$50,612.	(50,612)
The requirement of recording the OPEB liability under GASB Statement No. 75 resulted in an increase in net position.	960
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(208,734)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(8,776)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 216,125</b>

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

CITY OF BANDERA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024

	Business Type Activities
	Utility Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 561,915
Accounts Receivable, Net	167,671
Due from Other Governments	127,104
Due from Other Funds	204,895
Total Current Assets	<u>1,061,585</u>
Noncurrent Assets:	
Capital Assets:	
Land	10,934
Infrastructure, net	4,298,136
Machinery and Equipment, net	205,595
Right-to-Use Lease Assets, net	13,807
Construction in Progress	3,494,354
Total Noncurrent Assets	<u>8,022,826</u>
Total Assets	<u>9,084,411</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pension Plan	52,394
Deferred Outflow Related to OPEB	3,062
Total Deferred Outflows of Resources	<u>55,456</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	310,500
Wages and Salaries Payable	6,857
Compensated Absences Payable	8,648
Intergovernmental Payable	4,258
Due to Others	44,247
Deferred Revenues	69,341
Right-to-Use Leases Payable - Current	5,640
Other Current Liabilities	21,579
Total Current Liabilities	<u>471,070</u>
Noncurrent Liabilities:	
Right-to-Use Lease Liabilities - Noncurrent	8,732
Net Pension Liability	15,871
Net OPEB Liability	23,037
Total Noncurrent Liabilities	<u>47,640</u>
Total Liabilities	<u>518,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	2,470
Deferred Inflow Related to OPEB	3,824
Total Deferred Inflows of Resources	<u>6,294</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets and Lease Assets	8,008,454
Unrestricted	606,409
Total Net Position	<u>\$ 8,614,863</u>

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



CITY OF BANDERA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Utility Fund
OPERATING REVENUES:	
Charges for Services	\$ 1,940,338
Other Revenue	23,731
Total Operating Revenues	<u>1,964,069</u>
OPERATING EXPENSES:	
Proprietary Fund Function - Water	
Personnel Services - Salaries and Wages	152,802
Personnel Services - Employee Benefits	72,439
Purchased Professional & Technical Services	22,598
Purchased Property Services	33,525
Other Operating Costs	138,306
Supplies	13,920
Total Proprietary Fund Function - Water	<u>433,590</u>
Proprietary Fund Function- Solid Waste	
Purchased Professional & Technical Services	593,135
Other Operating Costs	670
Total Proprietary Fund Function- Solid Waste	<u>593,805</u>
Proprietary Fund Function- Wastewater	
Personnel Services - Salaries and Wages	152,802
Personnel Services - Employee Benefits	72,843
Purchased Professional & Technical Services	62,464
Purchased Property Services	35,431
Other Operating Costs	53,111
Supplies	15,509
Total Proprietary Fund Function- Wastewater	<u>392,160</u>
Proprietary Fund Function - Utility Admin	
Other Operating Costs	77,195
Depreciation	231,668
Total Operating Expenses	<u>1,728,418</u>
Operating Income	<u>235,651</u>
NONOPERATING REVENUES (EXPENSES):	
Grants (Not Capital Grants)	92,000
Insurance Recovery	78,922
Total NonOperating Revenue (Expenses)	<u>170,922</u>
Income Before Contributions & Transfers	406,573
Capital Contributions	589,149
Transfers Out	(269,831)

CITY OF BANDERA, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT D-2

	Business-Type Activities
	Utility Fund
Change in Net Position	725,891
Total Net Position - October 1 (Beginning)	7,888,972
Total Net Position - September 30 (Ending)	\$ 8,614,863

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

CITY OF BANDERA, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT D-3

	Business-Type Activities
	Utility Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 1,811,969
Cash Received from Other	23,731
Cash Payments to Employees for Services	(428,617)
Cash Payments for Professional & Technical Service	(678,197)
Cash Payments for Suppliers	(29,429)
Cash Payments for Other Operating Expenses	(256,185)
Net Cash Provided by Operating Activities	443,272
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Insurance Recovery	78,922
Operating Transfer Out	(269,831)
Grants (Non-Capital)	92,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	(98,909)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(861,014)
Capital Contributed	589,149
Decrease in Unearned Revenue	(66,793)
Right to Use Lease Principal Paid	(5,601)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(344,259)
Net Increase in Cash and Cash Equivalents	104
Cash and Cash Equivalents at Beginning of Year	561,811
Cash and Cash Equivalents at End of Year	\$ 561,915
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$ 235,651
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	231,668
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(1,265)
Decrease (Increase) in Inventories	3,000
Decrease (Increase) in Due from Other Governments	(127,104)
Increase (Decrease) in Accounts Payable	277,834
Increase (Decrease) in Payroll Deductions	3,523
Increase (Decrease) in Due to Others	3,133
Increase (Decrease) in from Other Funds	(204,895)
Increase (Decrease) in Pension Liability	14,612
Increase (Decrease) in OPEB Liability	17
Increase (Decrease) in Intergovernmental Payable\	145
Increase (Decrease) in Other Current Liabilities	2,836
Increase (Decrease) Compensated Absences Payable	4,117
Net Cash Provided by Operating Activities	\$ 443,272

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

CITY OF BANDERA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bandera, Texas, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

- A. Reporting Entity – The City of Bandera, Texas ("City"), was incorporated in 1964. The City is a municipal corporation governed by an elected mayor and five members of the city council, and provides the following services: public safety (law enforcement), public transportation (streets), health, culture, recreation, public facilities, water and sewer, legal, election functions, and general administrative services.

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2024, the City had one component unit that is discretely presented in these financial statements:

Bandera Economic Development Corporation

The City appoints a voting majority to, and exerts significant control over, the Economic Development Corporation (EDC), a legally separate entity. This qualifies the EDC as a component unit, which is presented in a separate column in the government-wide financial statements. The EDC collects a ½ cent sales tax to promote the economic growth in the City of Bandera. The EDC issues standalone financial statements that can be obtained by contacting Bandera Economic Development Corporation at 511 Main Street, Bandera, Texas 78003

- B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Bandera nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

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

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

D. Fund Accounting

The City reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources used for acquisition of major capital improvements.

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Special Revenue Fund** – Special Revenue Funds are used to account for resources which are legally or contractually restricted to specific expenditures.

Proprietary Fund:

**Enterprise Fund-** The Enterprise Fund is used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's enterprise fund is the Water, Sewer and Sanitation Fund (used to account for the operating activities of the City's water utilities, sewer services, and solid waste management).

The Proprietary Fund is accounted for using the accrual basis of account as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

E. Other Accounting Policies

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

2. 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 purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less.
3. Investments – State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government-investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, and certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

4. Accounts Receivable – Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectible accounts in the amount of zero.

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

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts, and billable services for the City's water utilities, sewer services, and solid waste management. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

5. Short-term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
6. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<b>Assets</b>	<b>Years</b>
Infrastructure	5-50
Buildings and Improvements	10-45
Machinery and Equipment	5-10

7. Compensated Absences – Employees earn vacation leave at varying rates depending on length of service: 5 days leave for year 1 (not available for use until first year of service is completed), an additional 5 days for each year from year 2 through 5, and an additional day per year of service thereafter up to a maximum of 20 days per year. Annual leave exceeding 5 days will not be carried over, except with City Administrator approval.

Employees earn sick leave at the rate of 1 day per month starting on date of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported

for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

8. The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

9. Deferred Inflows/ Deferred Outflows

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

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues are not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

10. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
11. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.



Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report.

12. Pensions. 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 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.
13. Other Post-Employment Benefits. GASB 75 requires the recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund.
14. The presentation 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 of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
15. Inventories are valued at cost using the first in/first out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.
16. **GASB Statement No. 87.** As of October 1, 2021, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Additional disclosures required by this standard are included in Note II.J.
17. **Implementation of GASB Statement No. 96.** As of October 1, 2022, the City adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a SBITA that results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. As of September 30, 2024, the City did not have any arrangements that are required to be reported under GASB 96.

## NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. Deposits and Investments

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

At September 30, 2024, the carrying amount of the City's deposits was \$1,052,568 and the bank balance was \$1,044,000. The City's cash deposits held at September 30, 2024 and during the year ended September 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

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

The City's temporary investments at September 30, 2024, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Certificates of Deposit-				
Bandera Bank	\$ 941,727	941,727	250,000	691,727
TXN Bank	709,714	709,714	250,000	661,362
Total	\$ <u>1,651,441</u>	\$ <u>1,651,441</u>	\$ <u>500,000</u>	\$ <u>1,353,089</u>

#### Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

**Custodial Credit Risk - Investments:** 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 investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Restricted Assets

Restricted assets consist of cash balances that are dedicated to the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
TWDB Flood Infrastructure Fund- Debt Proceeds	\$ 2,666,409	\$ -	\$ 2,666,409
TWDB Flood Infrastructure Fund- Loan Forgiveness	2,403,098	-	2,403,098
TWDB Drinking Water State Revolving Fund	240,883	-	240,883
Total Restricted Assets	\$ 5,310,390	\$ -	\$ 5,310,390

C. Property Taxes

Property taxes are levied by October 1 and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The City contracted with the Bandera County Appraisal District for the appraisal of taxes and Bandera County Tax Assessor for the collection of taxes. For the 2023 tax roll, the assessed valuation was \$164,873,285. The tax rate was \$.47000 per \$100 valuation (\$.428675 for maintenance and operations and \$.041325 for interest and sinking).

D. Court Fines and Fees Receivable

With the implementation of GASB Statement Number 34, the City has determined the amount of court fines and receivable to be \$77,244. Based on historical collection rates for the various courts, the City has booked an allowance for uncollectible court fines and fees of \$69,520, resulting in a net receivable of \$7,724.

E. Land, Structures and Equipment-Enterprise Funds

A summary of changes in fixed assets for the enterprise funds appears below:

	<u>Balance 10/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2024</u>
Business-Type Activities:				
Land	\$ 10,934	\$	\$	\$ 10,934
Buildings	36,012			36,012
Infrastructure	7,419,166	147,935	(5,021)	7,562,080
Machinery & Equipment	354,842	158,105	(33,947)	479,000
Construction in Progress	2,939,380	554,974		3,494,354
Total Assets	10,760,334	861,014	(38,968)	11,582,380
Less Accumulated Depreciation				
Buildings	(36,012)	-		(36,012)
Infrastructure	(3,089,279)	(179,686)	5,021	(3,263,944)
Machinery & Equipment	(260,992)	(46,360)	33,947	(273,405)
Total Accumulated Depreciation	(3,386,283)	(226,046)	38,968	(3,573,361)
Total Assets being Depreciated, Net	7,374,051	634,968	-	8,009,019
Right-to-Use Lease Assets being, Amortized				
Leased Equipment	55,790		(27,092)	28,698
Total Right-to-Use Lease Assets	55,790	-	(27,092)	28,698
Less Accumulated Amortization				
Leased Equipment	(36,361)	(5,622)	27,092	(14,891)
Total Accumulated Amortization	(36,361)	(5,622)	27,092	(14,891)
Total Right-to-Use Lease Assets being Amortized	19,429	(5,622)	-	13,807
Business-Type Activities Fixed Assets, Net	\$ 7,393,480	\$ 629,346	\$ -	\$ 8,022,826

F. Capital Asset Activity

Capital asset activity for the City for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Governmental Activities:				
Land	\$ 480,000	\$	\$	\$ 480,000
Buildings and Improvements	1,170,227			1,170,227
Infrastructure	2,419,257	19,500		2,438,757
Machinery & Equipment	383,594	164,361	(51,784)	496,171
Construction in Progress	1,035,261	223,038		1,258,299
Total Assets	5,488,339	406,899	(51,784)	5,843,454
Less Accumulated Depreciation				
Buildings	(481,379)	(60,120)		(541,499)
Infrastructure	(1,560,331)	(108,717)		(1,669,048)
Machinery & Equipment	(350,849)	(34,275)	51,784	(333,340)
Total Accumulated Depreciation	(2,392,559)	(203,112)	51,784	(2,543,887)
Total Assets being Depreciated, Net	3,095,780	203,787	-	3,299,567
Right-to-Use Lease Assets being, Amortized				
Equipment	29,413	-	(715)	28,698
SBITA	24,889	-	(24,889)	-
Total Right-to-Use Lease Assets	54,302	-	(25,604)	28,698
Less Accumulated Amortization				
Equipment	(9,984)	(5,622)	715	(14,891)
SBITA	(830)		830	-
Total Accumulated Amortization	(10,814)	(5,622)	1,545	(14,891)
Total Right-to-Use Lease Assets being Amortized	43,488	(5,622)	(24,059)	13,807
Governmental Activities Capital Assets, Net	\$ 3,139,268	\$ 198,165	\$ (24,059)	\$ 3,313,374

Depreciation expense was charged to the governmental functions as follows:

City Council	\$ 840
Administrator	37,393
City Secretary	13,837
Municipal Court	11,411
Finance Department	12,745
Marshal's Department	63,867
Fire Department	780
Code Compliance	7,478
Permitting Department	3,648
Streets Department	23,025
Animal Control	276
Parks Department	13,714
Seasonal Parks Department	1,404
Hotel Motel	12,694
Total Depreciation Expense	\$ 203,112

Amortization expense was charged to the functions of the City as follows:

Administrator	\$	803
City Secretary		803
Municipal Court		803
Finance Department		803
Marshal's Department		803
Permitting Department		804
Code Compliance		803
	\$	<u>5,622</u>

G. Deferred Outflows and Inflows of Resources

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the TMRS pension deferred outflow of \$226,375 (see note K) and the TMRS OPEB deferred outflow of \$13,228 (see note L).

Deferred inflows on the Statement of Net Position consists of the TMRS pension deferred inflow of \$10,671 (see note K) and the TMRS OPEB deferred inflow of \$16,521 (see note L).

Deferred inflows on the Balance Sheet-Governmental Funds consist of:

		Delinquent Property Tax
General Fund	\$	<u>33,594</u>
Debt Service Fund		<u>3,239</u>
Total Deferred Inflows- Exhibit C-1	\$	<u>36,833</u>

## H. Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended September 30, 2024 follows:

Description	Amounts Outstanding 10/1/23	Additions	Deletions	Amounts Outstanding 9/30/24	Due Within One Year
<b>Governmental Activities:</b>					
<b><u>Bonds Payable</u></b>					
Certificates of Obligation					
Series 2018	\$ 2,750,000	\$ -	\$ (85,000)	\$ 2,665,000	\$ 85,000
Series 2021	2,871,000	-	(99,000)	2,772,000	99,000
Subtotal	\$ 5,621,000	\$ -	\$ (184,000)	\$ 5,437,000	\$ 184,000
Right-to-Use Lease Liability	19,973	-	(5,601)	14,372	5,640
SBITA Liability	19,639	-	(19,639)	-	-
Net Pension Liability	98,329	-	(45,626)	52,703	
Total OPEB Liability	69,217	7,283	-	76,500	
Compensated Absences	26,335	10,167	-	36,502	
Total Governmental Activities	\$ 5,854,493	\$ 17,450	\$ (254,866)	\$ 5,617,077	\$ 189,640
<b>Business-Type Activities:</b>					
Right-to-Use Lease Liability	19,973	-	(5,601)	14,372	5,640
Net Pension Liability	29,234	-	(13,363)	15,871	
Total OPEB Liability	20,579	2,458	-	23,037	
Compensated Absences	4,531	4,117	-	8,648	
Total Business Type Activities	\$ 74,317	\$ 6,575	\$ (18,964)	\$ 61,928	\$ 5,640

## I. Long-term Debt

The City issued \$3,000,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2018 for the purpose of paying contractual obligations incurred in connection with constructing improvements and extensions to the City's water system. The Certificates were issued at an interest rate of 1.02% to 2.46%. The Certificates are payable from the levy and collection of ad valorem taxes and from a pledge of the City's surplus water and sewer system revenues. The financial assistance from the Texas Water Development Board consisted of a loan in the amount of \$3,000,000.

The City issued \$2,970,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2021 for the purpose of paying contractual obligations incurred for the purpose of planning, designing, constructing, and installing flood drainage improvements throughout the City along with related infrastructure and for paying professional services for legal, fiscal, and engineering fees in connection with this project. The Certificates were issued at 0% interest. The Certificates are payable from the levy and collection of ad valorem taxes and from a pledge of the City's surplus water and sewer system revenues.

All bonds are payable from the debt service fund. Debt service requirements are as follows:

Year Ended September 30	Bonds Payable		Total
	Principal	Interest	
2025	184,000	59,425	243,425
2026	184,000	58,014	242,014
2027	189,000	56,460	245,460
2028	189,000	54,781	243,781
2029	189,000	53,026	242,026
2030-2034	990,000	234,931	1,224,931
2035-2039	1,050,000	175,597	1,225,597
2040-2044	1,115,000	105,790	1,220,790
2045-2049	1,050,000	27,643	1,077,643
2050-2052	297,000	-	297,000
	\$ 5,437,000	\$ 825,667	\$ 6,262,667

## J. LEASES PAYABLE

As of October 1, 2021, the City had a 60-month lease as lessee for the use of a postage machine with Pitney Bowes. An initial lease liability was recorded in the amount of \$32,637. As of September 30, 2024, the value of the lease liability was \$16,456. The city is required to make quarterly fixed payments of \$1,661. The lease has an interest rate of 0.6857%. The value of the right to use asset as of September 30, 2024 was \$32,637 with accumulated amortization of \$17,298.

As of October 1, 2021, the City had a 63 month lease as lessee for use of a copier with Sharp. An initial lease liability was recorded in the amount of \$24,759. As of September 30, 2024, the value of the lease liability was \$12,287. The city is required to make monthly fixed payments of \$621. The lease has an interest rate of 0.6857%. The value of the right to use asset as of September 30, 2024 was \$24,759 with accumulated amortization of \$12,484.

All right to use lease liabilities are paid from the general fund and utility fund. Annual requirements to amortize leases payable and related interest are as follows:

### Governmental Activities:

Year Ended September 30	Lease Liability		Total
	Principal	Interest	
2025	5,640	82	5,722
2026	5,678	44	5,722
2027	3,054	7	3,061
	<u>\$ 14,372</u>	<u>\$ 133</u>	<u>\$ 14,505</u>

Bu Year Ended September 30	Lease Liability		Total
	Principal	Interest	
2025	5,640	82	5,722
2026	5,678	44	5,722
2027	3,054	7	3,061
	<u>\$ 14,372</u>	<u>\$ 133</u>	<u>\$ 14,505</u>

## K. RETIREMENT PLAN

### Plan Description

The City of Bandera, Texas participates as one of 936 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

### Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of

seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2022	Plan Year 2023
Member Contribution Rate	7%	7%
Matching Ratio (City to Member):	2:1	2:1
Years required for vesting	5 yrs	5 yrs
Retirement Eligibility (Age/Service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating	100% Repeating
Retiree Cost of Living Adjustment	70% of CPI Repeating	70% of CPI Repeating
COLA	70% Repeating	70% Repeating

***Employees covered by benefit terms.***

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>23</u>
	80

**Contributions**

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Bandera, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bandera, Texas were 9.94% and 9.64% in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2024, were \$132,516, and were equal to the required contributions.

**Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Males rates are multiplied by



103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 through December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for health annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
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 Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Schedule of Changes in Net Pension Liability/(Asset)**

	Increase/(Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2022	\$ 3,370,158	\$ 3,242,595	\$ 127,563
Changes for the year:			
Service cost	210,676		210,676
Interest	228,312		228,312
Changes of Benefit Terms	8,624		8,624
Difference between Expected and Actual Experience	102,602		
Changes in Assumptions	(24,530)		(24,530)
Contributions - Employer		125,837	(125,837)
Contributions - Employee		86,242	(86,242)
Net investment income		374,999	(374,999)
Benefit Payments, Including Refunds of Employee Contributions	(203,439)	(203,439)	-
Administrative Expense		(2,388)	2,388
Other Changes		(17)	17
	-		-
Net Changes	322,245	381,234	(161,591)
Balances as of December 31, 2023	\$ 3,692,403	\$ 3,623,829	\$ 68,574

**Sensitivity of the net pension liability to changes in the discount rate:**

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

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$ 610,592	\$ 68,574	\$ (370,328)

***Pension Plan Fiduciary Net Position***

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$197,355.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience		\$ 44,634
Changes of assumptions	10,671	
Net difference between projected and actual earnings		84,761
Contributions made subsequent to measurement date		96,980
	\$ 10,671	\$ 226,375

\$96,980 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2024	\$	56,783
2025		27,468
2026		65,696
2027		(31,223)
2028		-
Thereafter		-
Total	\$	118,724

Payables to the Pension Plan. None as of September 30, 2024.

L. Defined Other Post-Employment Benefit Plan

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

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

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

The City's contributions to the TMRS SDBF for the year ended 2024 and 2023 were \$7,061 and \$6,151 respectively, which equaled the required contributions each year.

**Employees covered by benefit terms.**

At the December 31, 2023 valuation and measurement date, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	8
Active Employees	23
Total	47

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate*	3.77%
Retirees' share of benefit-related cost	\$0
Administrative Expenses	All administrative expenses are paid through the Pension trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021(with immediate convergence).
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent scale MP-2021(with immediate convergence) to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. These assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

#### Discount Rate

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

<b>Covered Payroll</b>	<b>\$ 1,232,024</b>
Total OPEB Liability- Beginning of Year	89,796
Changes for the year	
Service Cost	3,203
Interest on Total OPEB Liability	3,627
Changes of benefit terms	
Differences between expected and actual experience	1,635
Changes in assumptions or other inputs	4,972
Benefit Payments**	(3,696)
Net Changes	9,741
Total OPEB Liability- End of Year	99,537
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>8.08%</b>

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

#### 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 3.77%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease 2.77%		Current Discount Rate 3.77%		1% Increase 4.77%
City's Total OPEB Liability	\$ 118,045		\$ 99,537		\$ 85,268

#### OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2024, the City recognized OPEB expense of \$1,892.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	6,057
Changes in assumption and other inputs	16,521	3,955
Contributions made subsequent to measurement date		3,216
	\$ 16,521	\$ 13,228

\$3,216 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### Year ended December 31:

2024	\$ (6,799)
2025	290
2026	-
2027	-
2028	-
Thereafter	-
Total	\$ (6,509)

Payable to the OPEB Plan. None as of September 30, 2024.

#### M. Interfund Receivable and Payables

Interfund balances at September 30, 2024, consisted of the following:

	Receivable	Payable
<u>General Fund-</u>		
Capital Projects Fund	\$ 455,681	\$
Utility Fund		204,895
Component Unit		131,560
<u>Capital Projects Fund-</u>		
General Fund		455,681
<u>Utility Fund</u>		
General Fund	204,895	
<u>Component Unit-</u>		
General Fund	131,560	
	\$ 792,136	\$ 792,136

The balances result from time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, and 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

	<u>Transfer In</u>	<u>Transfers Out</u>
<u>General Fund-</u>		
Capital Projects Fund	\$ 47,661	\$ 88,060
Utility Fund	85,831	
Nonmajor Governmental Funds	1,313	
<u>Capital Projects Fund-</u>		
General Fund	23,060	47,661
Utility Fund	65,000	
Nonmajor Governmental Funds	79,589	
<u>Nonmajor Governmental Funds-</u>		
Capital Projects Fund		79,589
Utility Fund	184,000	1,313
<u>Utility Fund-</u>		
General Fund		85,831
Debt Service Fund		184,000
	\$ <u>486,454</u>	\$ <u>486,454</u>

Transfers are used to 1) move revenues from the fund with collections authorization to the debt service fund as debt service principal and interest payments become due, and 2) make payments to the general fund from the water and sewer fund for services provided by the City.

N. Utility Agreements

The City entered into a contract with Republic Services for garbage collection services. Fees are billed monthly to the City based upon a fee schedule included in the contract. During the year ended September 30, 2024, payments made by the City under the contract totaled \$593,135.

O. Risk Management

The City's risk management program includes coverage for property, general liability, automobile liability, public officials' liability and employee dishonesty bonds. The City participates in the Texas Municipal League joint self-insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

P. Contingencies and Commitments

Amounts received or receivable from grantor 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 amount, if any, 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.

Q. Unearned Revenues

Unspent Coronavirus State and Local Fiscal Recovery funds in the amount of \$69,341 are classified as deferred revenues in the utility fund. These funds are for response to the COVID-19 public health emergency.

Unspent Texas Water Development Board Loan Forgiveness funds in the amount of \$2,430,000 are classified as unearned revenue in the Capital Projects Fund. The funds are for the completion of the flood infrastructure project.

R. Excess Expenditures Over Budget

For the year ended September 30, 2024, expenditures exceeded appropriations in the General Fund by \$4,343.

S. Subsequent Events

The City has evaluated subsequent events through March 26, 2025, the date which the financial statements were available to be issued. On January 10, 2025, the City issued Combination Tax & Surplus Revenue Certificates of Obligation, Series 2025 in the amount of \$3,000,000. The City is not aware of any other subsequent events that materially impact the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF BANDERA, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 604,022	\$ 710,234	\$ 700,722	\$ (9,512)
General Sales and Use Taxes	831,216	853,444	848,644	(4,800)
Franchise Tax	117,800	117,800	131,870	14,070
Other Taxes	35,000	59,305	58,236	(1,069)
Penalty and Interest on Taxes	2,300	4,500	4,443	(57)
Licenses and Permits	95,750	95,750	65,434	(30,316)
Intergovernmental Revenue and Grants	-	22,500	27,257	4,757
Charges for Services	128,965	128,965	48,326	(80,639)
Fines	60,000	60,000	36,867	(23,133)
Investment Earnings	13,000	13,000	55,874	42,874
Rents and Royalties	1,000	1,000	1,050	50
Contributions & Donations from Private Sources	-	-	1,600	1,600
Other Revenue	9,004	9,539	14,435	4,896
Total Revenues	1,898,057	2,076,038	1,994,758	(81,280)
EXPENDITURES:				
Current:				
City Council	10,475	10,475	9,235	1,240
Administrator	346,943	411,417	411,593	(176)
City Secretary	153,058	153,058	151,698	1,360
Municipal Court	118,596	118,596	117,774	822
Finance Department	136,781	136,781	139,625	(2,844)
Marshal's Department	665,082	696,387	704,282	(7,895)
Fire Department	7,000	7,000	8,549	(1,549)
Code Compliance	79,155	79,155	81,376	(2,221)
Permitting Department	37,441	37,441	39,715	(2,274)
Streets Department	252,506	252,506	254,060	(1,554)
Animal Control	5,600	5,600	3,025	2,575
Parks Department	144,151	144,151	150,949	(6,798)
Seasonal Parks Department	36,083	36,083	15,390	20,693
Debt Service:				
Principal on Debt	-	-	5,601	(5,601)
Interest on Debt	-	-	121	(121)
Total Expenditures	1,992,871	2,088,650	2,092,993	(4,343)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,814)	(12,612)	(98,235)	(85,623)
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	20,952	20,952
Transfers In	84,804	84,804	134,805	50,001
Other Resources	-	-	7,533	7,533
Transfers Out	(65,000)	(65,000)	(88,060)	(23,060)
Total Other Financing Sources (Uses)	19,804	19,804	75,230	55,426
Net Change in Fund Balances	(75,010)	7,192	(23,005)	(30,197)
Fund Balance - October 1 (Beginning)	1,956,589	1,956,589	1,956,589	-
Fund Balance - September 30 (Ending)	\$ 1,881,579	\$ 1,963,781	\$ 1,933,584	\$ (30,197)

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

CITY OF BANDERA, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>A. Total Pension Liability</b>			
Service Cost	\$ 210,676	\$ 162,905	\$ 161,291
Interest (on the Total Pension Liability)	228,312	208,018	193,718
Changes of Benefit Terms	8,624	-	-
Difference between Expected and Actual Experience	102,602	62,545	(7,515)
Changes of Assumptions	(24,530)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(203,439)	(127,203)	(145,718)
Net Change in Total Pension Liability	\$ 322,245	\$ 306,265	\$ 201,776
Total Pension Liability - Beginning	3,370,158	3,063,893	2,862,117
Total Pension Liability - Ending	\$ 3,692,403	\$ 3,370,158	\$ 3,063,893
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 125,837	\$ 104,494	\$ 98,552
Contributions - Employee	86,242	65,424	60,996
Net Investment Income	374,999	(251,655)	396,523
Benefit Payments, Including Refunds of Employee Contributions	(203,439)	(127,203)	(145,718)
Administrative Expense	(2,388)	(2,180)	(1,835)
Other	(17)	2,601	13
Net Change in Plan Fiduciary Net Position	\$ 381,234	\$ (208,519)	\$ 408,531
Plan Fiduciary Net Position - Beginning	3,242,595	3,451,114	3,042,584
Plan Fiduciary Net Position - Ending	\$ 3,623,829	\$ 3,242,595	\$ 3,451,115
<b>C. Net Pension Liability (Asset)</b>	\$ 68,574	\$ 127,563	\$ (387,222)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.14%	96.21%	112.64%
<b>E. Covered Payroll</b>	\$ 1,232,024	\$ 934,625	\$ 871,372
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	5.57%	13.65%	(44.44%)

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

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	182,482	\$	176,266	\$	156,901	\$	133,649	\$	115,052	\$	105,027	\$	92,055
	180,083		167,539		153,681		139,654		131,450		129,866		125,838
	-		-		-		-		-		-		-
	(15,120)		(17,486)		8,989		22,573		(42,351)		(59,432)		(55,268)
	-		(5,647)		-		-		-		22,547		-
	(123,977)		(151,887)		(96,028)		(103,364)		(80,432)		(141,267)		(81,879)
\$	223,468	\$	168,785	\$	223,543	\$	192,512	\$	123,719	\$	56,741	\$	80,746
	2,638,649		2,469,864		2,246,321		2,053,809		1,930,090		1,873,349		1,792,603
\$	2,862,117	\$	2,638,649	\$	2,469,864	\$	2,246,321	\$	2,053,809	\$	1,930,090	\$	1,873,349
\$	106,211	\$	100,945	\$	81,995	\$	71,944	\$	70,443	\$	68,224	\$	80,188
	68,713		67,944		60,714		54,646		50,337		43,246		39,471
	211,017		370,211		(72,525)		292,075		131,111		2,906		104,581
	(123,977)		(151,887)		(96,028)		(103,364)		(80,432)		(141,267)		(81,879)
	(1,366)		(2,094)		(1,403)		(1,516)		(1,481)		(1,770)		(1,092)
	(53)		(63)		(75)		(77)		(80)		(87)		(90)
\$	260,545	\$	385,056	\$	(27,322)	\$	313,708	\$	169,898	\$	(28,748)	\$	141,179
	2,782,039		2,396,983		2,424,305		2,110,597		1,940,699		1,969,447		1,828,268
\$	3,042,584	\$	2,782,039	\$	2,396,983	\$	2,424,305	\$	2,110,597	\$	1,940,699	\$	1,969,447
\$	(180,467)	\$	(143,390)	\$	72,881	\$	(177,984)	\$	(56,788)	\$	(10,609)	\$	(96,098)
	106.31%		105.43%		97.05%		107.92%		102.77%		100.55%		105.13%
\$	981,613	\$	970,627	\$	867,337	\$	780,661	\$	678,770	\$	617,805	\$	563,871
	(18.38%)		(14.77%)		8.40%		(22.80%)		(8.37%)		(1.72%)		(17.04%)

CITY OF BANDERA, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 132,516	\$ 120,911	\$ 102,555
Contributions in Relation to the Actuarially Determined Contributions	(132,516)	(120,911)	(102,555)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,320,349	\$ 1,156,929	\$ 914,987
Contributions as a Percentage of Covered Payroll	10.03%	10.45%	11.21%

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

2021	2020	2019	2018	2017	2016	2015
\$ 98,649	\$ 104,246	\$ 97,594	\$ 75,805	\$ 70,242	\$ 73,228	\$ 66,553
(98,649)	(104,246)	(97,594)	(75,805)	(70,242)	(73,228)	(66,553)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 883,628	\$ 973,348	\$ 967,448	\$ 819,793	\$ 739,384	\$ 720,301	\$ 551,758
11.16%	10.71%	10.09%	9.25%	9.50%	10.16%	12.06%

CITY OF BANDERA, TEXAS  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2024

**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	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022..
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Males rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety tables used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence)

**Other Information:**

Notes           Adopted 20 yr, any age retirement eligibility.

CITY OF BANDERA, TEXAS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 3,203	\$ 5,327	\$ 5,141
Interest on the Total OPEB Liability	3,627	2,223	2,168
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	1,635	10,750	5,500
Changes of Assumptions	4,972	(44,527)	3,602
Benefit Payments*	(3,696)	(4,206)	(4,008)
Net Change in Total OPEB Liability	9,741	(30,433)	12,403
Total OPEB Liability - Beginning	89,796	120,229	107,826
Total OPEB Liability - Ending	\$ 99,537	\$ 89,796	\$ 120,229
<b>Covered Payroll</b>	\$ 1,232,024	\$ 934,625	\$ 871,372
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	8.08%	9.61%	13.80%

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

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

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

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
\$	4,614	\$	3,106	\$	5,551	\$	4,606
	2,645		2,861		2,592		2,505
	-		-		-		-
	(5,641)		(1,187)		(1,928)		-
	12,928		14,706		(4,996)		5,484
	(1,178)		(1,165)		(1,214)		(859)
	13,368		18,321		5		11,736
	94,458		76,137		76,132		64,396
\$	107,826	\$	94,458	\$	76,137	\$	76,132
\$	981,613	\$	970,627	\$	867,337	\$	780,661
	10.98%		9.73%		8.78%		9.75%



CITY OF BANDERA, TEXAS  
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2024

**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:**

Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation.
Discount rate*	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3-year set-forward for males. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

**Other Information:**

Notes There were no benefit changes during the year.

## SUPPLEMENTARY INFORMATION

CITY OF BANDERA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	Hotel Motel Tax Fund	Opioid Abatement Fund	Street Maintenance Fund	LEOSE Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 127,548	\$ 1,085	\$ -	\$ 459
Taxes Receivable	-	-	-	-
Accounts Receivable, Net	6,589	-	-	-
Total Assets	<u>\$ 134,137</u>	<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ 459</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 30,000	\$ -	\$ -	\$ -
Total Liabilities	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
Restricted for Special Revenue	104,137	1,085	-	459
Restricted Fund Balance:				
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>104,137</u>	<u>1,085</u>	<u>-</u>	<u>459</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 134,137</u>	<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ 459</u>

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

Municipal Court Security Fund	Municipal Court Technology Fd	Truancy Prevention Fund	Marshal Seizure Fund	Total Nonmajor Special Revenue Funds	Interest & Sinking Fund	Total Nonmajor Governmental Funds
\$ 11,202	\$ 9,225	\$ 5,892	\$ 5,009	\$ 160,420	\$ 65,924	\$ 226,344
-	-	-	-	-	3,239	3,239
-	-	-	-	6,589	-	6,589
<u>\$ 11,202</u>	<u>\$ 9,225</u>	<u>\$ 5,892</u>	<u>\$ 5,009</u>	<u>\$ 167,009</u>	<u>\$ 69,163</u>	<u>\$ 236,172</u>
\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
-	-	-	-	30,000	-	30,000
-	-	-	-	-	3,239	3,239
-	-	-	-	-	3,239	3,239
11,202	9,225	5,892	5,009	137,009	-	137,009
-	-	-	-	-	65,924	65,924
<u>11,202</u>	<u>9,225</u>	<u>5,892</u>	<u>5,009</u>	<u>137,009</u>	<u>65,924</u>	<u>202,933</u>
<u>\$ 11,202</u>	<u>\$ 9,225</u>	<u>\$ 5,892</u>	<u>\$ 5,009</u>	<u>\$ 167,009</u>	<u>\$ 69,163</u>	<u>\$ 236,172</u>

CITY OF BANDERA, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Hotel Motel Tax Fund	Opiod Abatement Fund	Street Maintenance Fund	LEOSE Fund
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy Tax	89,737	-	-	-
Charges for Services	-	-	-	-
Other Revenue	-	177	-	1,313
Total Revenues	<u>89,737</u>	<u>177</u>	<u>-</u>	<u>1,313</u>
<b>EXPENDITURES:</b>				
Current:				
City Council:				
Municipal Court	-	-	-	-
Marshal's Department	-	-	-	-
Parks Department:				
Hotel/Motel	139,187	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Other Debt Service	-	-	-	-
Total Expenditures	<u>139,187</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,450)</u>	<u>177</u>	<u>-</u>	<u>1,313</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(79,589)	(1,313)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(79,589)</u>	<u>(1,313)</u>
Net Change in Fund Balance	(49,450)	177	(79,589)	-
Fund Balance - October 1 (Beginning)	<u>153,587</u>	<u>908</u>	<u>79,589</u>	<u>459</u>
Fund Balance - September 30 (Ending)	<u>\$ 104,137</u>	<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ 459</u>

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

Municipal Court Security Fund	Municipal Court Technology Fd	Truancy Prevention Fund	Marshal Seizure Fund	Total Nonmajor Special Revenue Funds	Interest & Sinking Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,832	\$ 67,832
-	-	-	-	89,737	-	89,737
707	620	642	-	1,969	-	1,969
-	5,250	-	-	6,740	-	6,740
<u>707</u>	<u>5,870</u>	<u>642</u>	<u>-</u>	<u>98,446</u>	<u>67,832</u>	<u>166,278</u>
2,348	4,684	-	-	7,032	-	7,032
-	-	-	564	564	-	564
-	-	-	-	139,187	-	139,187
-	-	-	-	-	184,000	184,000
-	-	-	-	-	60,725	60,725
-	-	-	-	-	275	275
<u>2,348</u>	<u>4,684</u>	<u>-</u>	<u>564</u>	<u>146,783</u>	<u>245,000</u>	<u>391,783</u>
<u>(1,641)</u>	<u>1,186</u>	<u>642</u>	<u>(564)</u>	<u>(48,337)</u>	<u>(177,168)</u>	<u>(225,505)</u>
-	-	-	-	-	184,000	184,000
-	-	-	-	(80,902)	-	(80,902)
-	-	-	-	(80,902)	184,000	103,098
<u>(1,641)</u>	<u>1,186</u>	<u>642</u>	<u>(564)</u>	<u>(129,239)</u>	<u>6,832</u>	<u>(122,407)</u>
<u>12,843</u>	<u>8,039</u>	<u>5,250</u>	<u>5,573</u>	<u>266,248</u>	<u>59,092</u>	<u>325,340</u>
<u>\$ 11,202</u>	<u>\$ 9,225</u>	<u>\$ 5,892</u>	<u>\$ 5,009</u>	<u>\$ 137,009</u>	<u>\$ 65,924</u>	<u>\$ 202,933</u>



# NEFFENDORF & BLOCKER, P.C.

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

Honorable Mayor and Members of  
the City Council  
City of Bandera, Texas  
Bandera, TX 78003

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bandera, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Bandera, Texas' basic financial statements and have issued our report thereon dated March 26, 2025.

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

In planning and performing our audit of the financial statements, we considered the City of Bandera, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bandera, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bandera, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as items 2024-001 and 2024-002 that we consider to be material weaknesses.

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

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

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### **City of Bandera, Texas' Response to Findings**

City of Bandera, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City Bandera, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

  
NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas  
March 26, 2025



CITY OF BANDERA, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of the Auditor’s Results:

I. Financial Statements

Type of auditor’s report issued	<u>Unmodified</u>
Internal control over financial reporting	
Material Weakness(es) identified	<u>  X  </u> Yes <u>  X  </u> No
Significant deficiencies identified that are	
not considered to be material weakness	<u>      </u> Yes <u>  X  </u> No
Noncompliance material to financial statements noted?	<u>      </u> Yes <u>  X  </u> No

II. Findings Related to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards,

2024-001

Condition:	At year end, accounts payable was not properly recorded.
Criteria:	Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services performed, regardless of timing of related cash payments.
Cause of Condition:	The City failed to record all material payables.
Potential Effect of Condition:	Audit adjustments to correct City of Bandera’s accounts payable and related expenditures as of September 30, 2024 were required in the amount of \$308,396.
Recommendation:	We recommend internal controls over accounts payable and related expenditures be strengthened to ensure amounts payable as of year end are properly recorded.

2024-002

Condition:	Grant receivables and revenue were not properly recorded in the current year for amounts received subsequent to year end.
Criteria:	Generally accepted accounting principles require the recognition of revenues in the accounting period in which they become both measurable and available.
Cause of Condition:	Internal controls were not established to ensure the grant revenue was recorded and reconciled based on expenditures during the year.
Potential Effect of Condition:	The timing difference of grant receipts caused grant expenditures to not match grant revenues.
Recommendation:	Management should reconcile grant revenue to grant expenditures for all cost reimbursement grants to ensure the completeness of grant revenue.

CITY OF BANDERA, TEXAS  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Prior Year's Findings/Noncompliance and Status:**

Finding 2023-001

**Finding Summary:** Inventory balances improperly stated without the existence of underlying assets.

**Responsible Individuals:** Allyson Wright - Treasurer

**Current Year Status:** The City completed corrective action.

Finding 2023-002

**Finding Summary:** Grant expenditure submitted to the grant manager and granting agencies were not reconciled to the general ledger.

**Responsible Individuals:** Allyson Wright - Treasurer

**Current Year Status:** The City completed corrective action.

Finding 2023-003

**Finding Summary:** Failure to file annual financial reports with the Texas Water Development Board in accordance with bond covenants.

**Responsible Individuals:** Allyson Wright - Treasurer

**Current Year Status:** The City completed corrective action.

CITY OF BANDERA, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2024



City of  
**BANDERA**  
Texas

511 Main Street, PO Box 896  
Bandera, Texas 78003  
Phone 830-796-3765

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Finding 2024-001

*Finding Summary:* At year end, accounts payable was not properly recorded.

*Responsible Individual:* Allyson Wright, City Treasurer

*Corrective Action Plan:* The City will create an end-of-year internal control procedure that will address the recording of end-of-year payables.

*Anticipated Completion Date:* September 30, 2025

Finding 2024-002

*Finding Summary:* Grant receivables and revenues were not properly recorded in the current year for amounts received subsequent to year end.

*Responsible Individual:* Allyson Wright, City Treasurer

*Corrective Action Plan:* To correct these issues and prevent them from happening in the future, we will implement the following:

- Improve Communication: We will establish clear communication channels between the grant management team and the accounting department to ensure timely and accurate information sharing regarding grant awards and related receipts. Regular meeting and documented communication protocols will be implemented.
- Implement a Post Closing Review: A post-closing review will be implemented to ensure that all grant revenue and receivables have been recorded in the correct period.
- Adjusting Journal Entries: We will make the necessary adjusting journal entries to correct the misstatement in the financial statements for the current year.



# NEFFENDORF & BLOCKER, P.C.

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March 26, 2025

Honorable Mayor and Members of  
the City Council  
City of Bandera, Texas  
Bandera, TX 78003

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bandera, Texas for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Bandera, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Significant journal entries (some of which were material) were made to correct and record balance to the financial statements. Management has agreed and corrected all such misstatements.

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### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 26, 2025.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### *Recommendations*

#### Utility Billing Rates

During recalculation of utility bills, it was noted that the residential inside sewer rates were not updated to the rates adopted for fiscal year 2024. We recommend the City implement a control to review and verify rates entered into the billing system to the rates Council approves to ensure proper rates are being used.

#### Utility Accounts Receivable Report

During review of the accounts receivable aging report, we noted several accounts were listed with a credit balance. We recommend the City review and research these accounts to ensure they are properly refunded or cleared.

Documentation of Financial Accounting and Controls

We recommend that the City create a comprehensive document for policies and procedures to address all key financial processes (reporting, recording, budgeting, utility billing, municipal court, payroll); internal controls and proper review and approvals. Documentation of internal control processes enables procedures to be followed consistently, even when there are key personnel changes. Written manuals can also reduce errors and improve efficiency when training or onboarding a new employee.

This information is intended solely for the use of the City Council and management of City of Bandera and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
NEFFENDORF & BLOCKER, P.C.)  
Fredericksburg, Texas