

CITY OF LAGO VISTA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LAGO VISTA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report · · · · ·	1
Management's Discussion and Analysis · · · · ·	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position · · · · ·	17
Statement of Activities · · · · ·	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds · · · · ·	22
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position · · · · ·	25
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds · · · · ·	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balances to the Statement of Activities · · · · ·	29
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual – General Fund · · · · ·	31
Statement of Net Position – Proprietary Funds · · · · ·	32
Statement of Revenues, Expenses, and Changes in Net	
Position – Proprietary Funds · · · · ·	33
Statement of Cash Flows – Proprietary Funds · · · · ·	35
Notes to the Financial Statements · · · · ·	39
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios · · · · ·	62
Schedule of Employer Contributions · · · · ·	64
Notes to Schedule of Employer Contributions · · · · ·	67
Schedule of Changes in OPEB Liability and Related Ratios · · · · ·	68
Schedule of Employer Contributions · · · · ·	70
Notes to Schedule of Employer Contributions · · · · ·	73
Combining and Individual Fund Financial Statements and Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – Debt Service Fund · · · · ·	75
Other Reporting:	
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 <i>Government Auditing Standards</i> · · · · ·	77
Schedule of Findings and Questioned Costs · · · · ·	81
Corrective Action Plan · · · · ·	83

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lago Vista, Texas (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedules of governmental funds 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 schedules of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

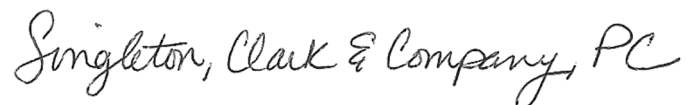
Other Information

Management is responsible for the other information included in the annual report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC".

Singleton, Clark & Company, PC
Cedar Park, Texas

April 11, 2025

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CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's Discussion and Analysis

The Management's Discussion and Analysis section of the City of Lago Vista, Texas's (hereafter the "City") Annual Financial Report offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. Please read it in conjunction with the independent auditor's report beginning on page 1 of this report and the City's basic financial statements which follow this section.

Financial Highlights

- The City's net position for governmental activities increased by \$6,775,527 to end at \$17,729,982.
- The City's fund balance in the General Fund increased by 3,740,485 to end at \$13,185,344.
- The City's net position in the Utility Fund increased by \$2,820,224 to end at \$74,234,837.

Overview of the Financial Statements

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

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and economic development. The business-type activities of the City include aviation, golf, and utilities.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Hotel Fund, the ARPA Grant Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds.

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

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

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 62 of this report.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$96,292,217 at the close of the most recent fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 48,178,927	\$ 16,180,769	\$ 25,900,881	\$ 24,408,510	\$ 74,079,808	\$ 40,589,279
Capital assets	25,919,695	25,593,518	53,921,386	54,296,864	79,841,081	79,890,382
Total assets	74,098,622	41,774,287	79,822,267	78,705,374	153,920,889	120,479,661
Deferred outflows of resources	1,181,777	1,391,080	612,805	720,362	1,794,582	2,111,442
Current liabilities	2,268,126	901,076	705,908	2,441,157	2,974,034	3,342,233
Noncurrent liabilities	54,631,029	30,751,782	826,716	1,096,842	55,457,745	31,848,624
Total liabilities	56,899,155	31,652,858	1,532,624	3,537,999	58,431,779	35,190,857
Deferred inflows of resources	651,262	558,054	340,213	294,020	991,475	852,074
Net position:						
Net investment in capital assets	3,303,579	(3,318,210)	53,722,709	53,978,829	57,026,288	50,660,619
Restricted	2,116,185	5,817,568	8,231,580	6,690,635	10,347,765	12,508,203
Unrestricted	12,310,218	8,455,097	16,607,946	14,924,253	28,918,164	23,379,350
Total net position	\$ 17,729,982	\$ 10,954,455	\$ 78,562,235	\$ 75,593,717	\$ 96,292,217	\$ 86,548,172

The largest portion of the City's net position (59.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (10.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$28,918,164 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The City's overall net position increased by \$9,744,045 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$6,775,527 from the prior fiscal year for an ending balance of \$17,729,982. The increase in overall net position of governmental activities is primarily due to revenues exceeding budgeted amounts and expenses coming in under budget.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	\$ 4,744,311	\$ 3,815,201	\$ 11,706,805	\$ 12,104,264	\$ 16,451,116	\$ 15,919,465
Operating grants & contributions	669,557	252,954	-	-	669,557	252,954
General Revenues:						
Property taxes	9,883,125	9,049,906	-	-	9,883,125	9,049,906
Other taxes	1,369,627	2,019,414	-	-	1,369,627	2,019,414
Grants and contributions not restricted to specific programs	652,880	-	-	105,765	652,880	105,765
Other	1,755,704	472,371	1,539,934	996,385	3,295,638	1,468,756
Total revenue	19,075,204	15,609,846	13,246,739	13,206,414	32,321,943	28,816,260
Expenses:						
General government	4,906,120	4,402,091	-	-	4,906,120	4,402,091
Public safety	3,757,717	3,404,892	-	-	3,757,717	3,404,892
Highways and streets	1,372,550	1,150,468	-	-	1,372,550	1,150,468
Sanitation	1,279,865	1,239,635	-	-	1,279,865	1,239,635
Culture and recreation	879,644	970,821	-	-	879,644	970,821
Economic development and assistance	514,236	437,455	-	-	514,236	437,455
Interest and bank fees	849,188	988,514	-	-	849,188	988,514
Aviation	-	-	366,924	329,206	366,924	329,206
Golf Course	-	-	1,316,137	1,355,445	1,316,137	1,355,445
Utility	-	-	7,335,517	6,968,104	7,335,517	6,968,104
Total expenses	13,559,320	12,593,876	9,018,578	8,652,755	22,577,898	21,246,631
Increase (decrease) in net position before transfers	5,515,884	3,015,970	4,228,161	4,553,659	9,744,045	7,569,629
Transfers	1,259,643	796,454	(1,259,643)	(902,219)	-	(105,765)
Increase (decrease) in net position	6,775,527	3,812,424	2,968,518	3,651,440	9,744,045	7,463,864
Net position - beginning	10,954,455	7,142,031	75,593,717	71,942,277	86,548,172	79,084,308
Net position - ending	\$ 17,729,982	\$ 10,954,455	\$ 78,562,235	\$ 75,593,717	\$ 96,292,217	\$ 86,548,172

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$78,562,235. The total increase in net position for business-type activities (Aviation, Golf Course, and Utility funds) was \$2,968,518.

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2024, the City's governmental funds reported combined fund balances of \$45,526,431, an increase of \$30,559,200 in comparison with the prior year. Approximately 29% of this amount, \$12,991,777, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted*, or *assigned* to indicate that it is 1) restricted for particular purposes \$32,448,918; or 2) assigned for particular purposes \$85,736.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,991,777, while total fund balance increased to \$13,185,344. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 108% of total general fund expenditures, while total fund balance represents approximately 110% of that same amount.

The fund balance of the City's General Fund increased by \$3,740,485 during the current fiscal year. The increase in fund balance was primarily due to revenues exceeding budgeted amounts, and lower than budgeted expenditures, specifically in general government and capital outlay, although all actual expenditures were lower than budgeted.

The Hotel Fund, a major fund, had a \$44,868 increase in fund balance to end at \$1,089,793. This fund uses hotel taxes to promote local economic development.

The ARPA Grant fund, a new major fund, had an \$85,736 increase in fund balance to end at \$85,736. The increase was related to investment earnings realized during the fiscal year.

The Debt Service Fund, the remaining major governmental fund, had an increase in fund balance during the current year of \$107,154 to bring the year end fund balance to \$692,764. The increase was due to revenues being slightly higher than anticipated revenues, and premiums received on bonds during the fiscal year.

The Capital Projects fund, a major fund, had a \$26,580,957 increase in fund balance during the current fiscal year which put the overall fund balance at \$30,472,794.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Unrestricted net position of the Aviation Fund at the end of the year was \$191,340, the Golf Fund was \$534,549 and the Utility Fund was \$15,882,057. The total change in net position for these funds was (\$23,440), \$171,734, and \$2,820,224, respectively.

The Aviation Fund had a \$23,440 decrease in net position during the current fiscal year, which put the total net position at \$1,853,502.

The Golf Course Fund had a \$171,734 increase to put the overall ending net position at \$2,473,896. The City strives for its proprietary funds to break even; however, the City did transfer \$800,000 to the Golf Course Fund during the year.

The Utility Fund had a \$2,820,224 increase in net position during the current fiscal year, which put the total ending net position at \$74,234,837. The Utility Fund ended the year with an unrestricted net position of \$15,882,057 which represents approximately 217% of the fund's operating expenses for the year ended. Additionally, the Utility Fund has a restricted net position balance of \$8,231,580 related to future water and wastewater system obligations.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were significant budget amendments made to the general government, economic development & assistance, and capital outlay projected expenditures.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$79,841,081 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities 2024	Governmental Activities 2023	Change
Land	\$ 1,525,470	\$ 1,520,409	\$ 5,061
Buildings and improvements	32,363,358	31,224,622	1,138,736
Machinery, equipment, and vehicles	4,606,579	3,983,940	622,639
Total	<u>38,495,407</u>	<u>36,728,971</u>	<u>1,766,436</u>
Less accumulated depreciation	<u>(12,575,712)</u>	<u>(11,135,453)</u>	<u>(1,440,259)</u>
Capital assets, net of depreciation	<u><u>\$ 25,919,695</u></u>	<u><u>\$ 25,593,518</u></u>	<u><u>\$ 326,177</u></u>

	Business-Type Activities 2024	Business-Type Activities 2023	Change
Land	\$ 3,251,491	\$ 3,251,491	\$ -
Buildings and improvements	75,834,501	75,335,021	499,480
Machinery, equipment, and vehicles	6,838,792	6,388,572	450,220
Construction in progress	2,237,417	1,083,856	1,153,561
Total	<u>88,162,201</u>	<u>86,058,940</u>	<u>2,103,261</u>
Less accumulated depreciation	<u>(34,240,815)</u>	<u>(31,762,076)</u>	<u>(2,478,739)</u>
Capital assets, net of depreciation	<u><u>\$ 53,921,386</u></u>	<u><u>\$ 54,296,864</u></u>	<u><u>\$ (375,478)</u></u>

Additional information on the City's capital assets can be found in Note III.D on pages 47-48 of this report.

CITY OF LAGO VISTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$49,566,000. The remainder of the City long-term obligations comprises pension-and OPEB related debt, compensated absences and capital leases.

Outstanding Debt

	Governmental Activities 2024	Governmental Activities 2023	Change
General obligation bonds	\$ 49,566,000	\$ 28,911,728	\$ 20,654,272
Premiums	3,522,910	1,171,728	2,351,182
Compensated absences	639,717	639,717	-
Net pension liability/(asset)	718,923	1,044,620	(325,697)
Other post-employment benefits	183,479	155,717	27,762
Total	<u>\$ 54,631,029</u>	<u>\$ 31,923,510</u>	<u>\$ 22,707,519</u>

	Business-Type Activities 2024	Business-Type Activities 2023	Change
Capital leases	\$ 198,679	\$ 318,037	\$ (119,359)
Compensated absences	145,230	145,230	-
Net pension liability/(asset)	370,353	538,137	(167,784)
Other post-employment benefits	112,454	95,438	17,016
Total	<u>\$ 826,716</u>	<u>\$ 1,096,842</u>	<u>\$ (270,127)</u>

The City's total debt increased by \$22,437,393 during the current fiscal year. The reason for the increase was the issuance of a bond during the year. The new issuance was debt with governmental commitment with a face value of \$23,465,000.

Economic Factors and Next Year's Budgets and Rates

The City considered many factors when setting the fiscal year 2025 budget. The City's General Fund budget for fiscal year 2025 includes expenditures of \$15,561,650 which is an approximate increase of \$2.3 million from fiscal year 2024 total adopted expenditures. The city decreased the tax rate for 2024-2025 to \$0.2397 for the General Fund and increased the tax rate to \$0.1834 for the Interest and Sinking Fund. The overall total tax rate increased to \$0.4231 per \$100 valuation.

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF LAGO VISTA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 154,994	\$ 1,113,295	\$ 1,268,289
Investments - current	41,509,449	28,418,153	69,927,602
Taxes receivable - delinquent	442,987	-	442,987
Accounts receivable, net	497,010	1,741,681	2,238,691
Intergovernmental receivable	182,313	-	182,313
Internal balances	5,392,174	(5,392,174)	-
Inventories	-	19,926	19,926
Capital assets, not being depreciated:			
Land	1,525,470	3,251,491	4,776,961
Construction in progress	-	2,237,417	2,237,417
Capital assets, being depreciated:			
Buildings and improvements	32,363,358	75,834,501	108,197,859
Machinery, equipment, and vehicles	4,606,579	6,838,792	11,445,371
Accumulated depreciation	(12,575,712)	(34,240,815)	(46,816,527)
Total assets	74,098,622	79,822,267	153,920,889
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows NPL	1,140,727	587,648	1,728,375
Deferred outflows OPEB	41,050	25,157	66,207
Total deferred outflows of resources	1,181,777	612,805	1,794,582
LIABILITIES			
Accounts payable	387,024	356,389	743,413
Accrued salaries and benefits	24,744	9,659	34,403
Intergovernmental payable	1,359,445	-	1,359,445
Accrued interest payable	128,619	-	128,619
Other current liabilities	368,294	3,920	372,214
Customer deposits	-	335,940	335,940
Noncurrent liabilities:			
Due within one year	1,799,000	86,016	1,885,016
Due in more than one year	52,832,029	740,700	53,572,729
Total liabilities	56,899,155	1,532,624	58,431,779
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows NPL	603,047	310,662	913,709
Deferred inflows OPEB	48,215	29,551	77,766
Total deferred inflows of resources	651,262	340,213	991,475
NET POSITION			
Net investment in capital assets	3,303,579	53,722,709	57,026,288
Restricted for parks	193,567	-	193,567
Restricted for tourism	1,089,793	-	1,089,793
Restricted for debt service	832,825	-	832,825
Restricted for capital improvements	-	8,231,580	8,231,580
Unrestricted	12,310,218	16,607,946	28,918,164
Total net position	\$ 17,729,982	\$ 78,562,235	\$ 96,292,217

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

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

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ 4,906,120	\$ -	\$ 636,714
Public safety	3,757,717	2,524,758	1,529
Highways and streets	1,372,550	803,012	31,314
Sanitation	1,279,865	1,395,521	-
Culture and recreation	879,644	21,020	-
Economic development and assistance	514,236	-	-
Interest and bank fees	849,188	-	-
Total governmental activities:	<u>13,559,320</u>	<u>4,744,311</u>	<u>669,557</u>
Business-type activities:			
Aviation Fund	366,924	329,324	-
Golf Course Fund	1,316,137	687,871	-
Utility Fund	7,335,517	10,689,610	-
Total business-type activities:	<u>9,018,578</u>	<u>11,706,805</u>	<u>-</u>
Total primary government	<u>\$ 22,577,898</u>	<u>\$ 16,451,116</u>	<u>\$ 669,557</u>
General revenues:			
Property taxes			
Sales taxes			
Hotel/motel taxes			
Franchise taxes			
Investment earnings			
Miscellaneous			
Total general revenues			
Transfers			
Total general revenues, special/extraordinary item and transfers			
Change in net position			
Net position - beginning			
Net position - ending			

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,269,406)	\$ -	\$ (4,269,406)
(1,231,430)	-	(1,231,430)
(538,224)	-	(538,224)
115,656	-	115,656
(858,624)	-	(858,624)
(514,236)	-	(514,236)
(849,188)	-	(849,188)
(8,145,452)	-	(8,145,452)
-	(37,600)	(37,600)
-	(628,266)	(628,266)
-	3,354,093	3,354,093
-	2,688,227	2,688,227
(8,145,452)	2,688,227	(5,457,225)
9,883,125	-	9,883,125
1,178,845	-	1,178,845
190,782	-	190,782
652,880	-	652,880
1,565,539	1,420,033	2,985,572
190,165	119,901	310,066
13,661,336	1,539,934	15,201,270
1,259,643	(1,259,643)	-
14,920,979	280,291	15,201,270
6,775,527	2,968,518	9,744,045
10,954,455	75,593,717	86,548,172
\$ 17,729,982	\$ 78,562,235	\$ 96,292,217

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FUND BASIS FINANCIAL STATEMENTS

CITY OF LAGO VISTA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Hotel Fund	ARPA Grant Fund
ASSETS			
Cash and cash equivalents	\$ 154,994	\$ -	\$ -
Investments - current	11,889,986	1,035,319	1,534,966
Taxes receivable - delinquent	302,926	-	-
Accounts receivable	357,126	69,884	-
Intergovernmental receivable	182,313	-	-
Due from other funds	1,958,183	-	-
Total assets	<u>\$ 14,845,528</u>	<u>\$ 1,105,203</u>	<u>\$ 1,534,966</u>
LIABILITIES			
Accounts payable	\$ 374,826	\$ 12,000	\$ -
Accrued payroll	24,744	-	-
Intergovernmental payable	9,394	-	1,350,051
Due to other funds	580,000	3,410	99,179
Other current liabilities	368,294	-	-
Total liabilities	<u>1,357,258</u>	<u>15,410</u>	<u>1,449,230</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	302,926	-	-
Total deferred inflows of resources	<u>302,926</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Fund balance - restricted for parks	193,567	-	-
Fund balance - restricted for tourism	-	1,089,793	-
Fund balance - restricted for debt service	-	-	-
Fund balance - restricted for capital projects	-	-	-
Assigned:			
Fund balance - other assigned	-	-	85,736
Unassigned	12,991,777	-	-
Total fund balances	<u>13,185,344</u>	<u>1,089,793</u>	<u>85,736</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 14,845,528</u>	<u>\$ 1,105,203</u>	<u>\$ 1,534,966</u>

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ -	\$ -	\$ 154,994
661,717	26,387,461	41,509,449
140,061	-	442,987
-	-	427,010
-	-	182,313
31,247	4,085,333	6,074,763
<u>\$ 833,025</u>	<u>\$ 30,472,794</u>	<u>\$ 48,791,516</u>
\$ 200	\$ -	\$ 387,026
-	-	24,744
-	-	1,359,445
-	-	682,589
-	-	368,294
<u>200</u>	<u>-</u>	<u>2,822,098</u>
140,061	-	442,987
<u>140,061</u>	<u>-</u>	<u>442,987</u>
-	-	193,567
-	-	1,089,793
692,764	-	692,764
-	30,472,794	30,472,794
-	-	85,736
-	-	12,991,777
<u>692,764</u>	<u>30,472,794</u>	<u>45,526,431</u>
<u>\$ 833,025</u>	<u>\$ 30,472,794</u>	<u>\$ 48,791,516</u>

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

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

Total fund balance of all governmental funds	\$ 45,526,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,919,695
Warrants outstanding net of allowance are not an available resource and, therefore, are not reported in the funds.	70,000
Other long-term assets, such as uncollected property taxes, are not available to pay for and, therefore, are reported as unavailable revenue in the funds.	442,987
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,857,246)
Additional long-term liabilities related to the recognition of the net pension liability and the net OPEB liability are not reported in the funds.	(371,885)
Net position of governmental activities	<u>\$ 17,729,982</u>

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

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

	General Fund	Hotel Fund	ARPA Grant Fund
REVENUES			
Property taxes	\$ 7,016,916	\$ -	\$ -
Sales taxes	1,178,845	-	-
Hotel/motel taxes	-	190,782	-
Franchise taxes	652,880	-	-
Penalties and interest on taxes	74,428	-	-
Licenses and permits	2,359,840	-	-
Intergovernmental revenues	803,012	-	-
Charges for services	1,416,541	-	-
Fines	164,918	-	-
Investment earnings	489,631	55,057	85,736
Grants and contributions	150,064	-	524,069
Miscellaneous revenue	190,165	-	-
Total revenues	14,497,240	245,839	609,805
EXPENDITURES			
Current:			
General government	4,054,919	-	-
Public safety	3,331,611	-	-
Highways and streets	1,216,910	-	-
Sanitation	1,134,735	-	-
Culture and recreation	779,897	-	-
Economic development and assistance	254,953	200,971	-
Debt service:			
Bond principal	-	-	-
Interest - bonds	-	-	-
Interest - other debt	-	-	-
Capital outlay	1,243,373	-	524,069
Total expenditures	12,016,398	200,971	524,069
Excess (deficiency) of revenues over expenditures	2,480,842	44,868	85,736
OTHER FINANCING SOURCES (USES)			
Transfers in	2,059,643	-	-
Transfers out	(800,000)	-	-
General obligation bonds issued	-	-	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	1,259,643	-	-
Net change in fund balance	3,740,485	44,868	85,736
Fund balance - beginning	9,444,859	1,044,925	-
Fund balance - ending	\$ 13,185,344	\$ 1,089,793	\$ 85,736

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 2,704,369	\$ -	\$ 9,721,285
-	-	1,178,845
-	-	190,782
-	-	652,880
23,373	-	97,801
-	-	2,359,840
-	-	803,012
-	-	1,416,541
-	-	164,918
54,192	880,923	1,565,539
-	-	674,133
-	-	190,165
2,781,934	880,923	19,015,741
9,500	285,371	4,349,790
-	-	3,331,611
-	-	1,216,910
-	-	1,134,735
-	-	779,897
-	-	455,924
1,639,000	-	1,639,000
1,037,372	-	1,037,372
2,800	-	2,800
-	-	1,767,442
2,688,672	285,371	15,715,481
93,262	595,552	3,300,260
-	-	2,059,643
-	-	(800,000)
-	23,465,000	23,465,000
13,892	2,520,405	2,534,297
13,892	25,985,405	27,258,940
107,154	26,580,957	30,559,200
585,610	3,891,837	14,967,231
\$ 692,764	\$ 30,472,794	\$ 45,526,431

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CITY OF LAGO VISTA, 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

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

Net change in fund balances for total governmental funds	\$ 30,559,200
--	---------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	326,177
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	64,039
--	--------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(24,169,313)
--	--------------

The net effect of various transactions involving the net pension liability and the net OPEB liability is to decrease net position.	(4,576)
--	---------

Change in net position for governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 6,775,527</div>
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The notes to the financial statements are an integral part of this statement.

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CITY OF LAGO VISTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 6,960,287	\$ 6,960,287	\$ 7,016,916	\$ 56,629
Sales taxes	1,335,819	1,335,819	1,178,845	(156,974)
Franchise taxes	597,857	597,857	652,880	55,023
Penalties and interest on taxes	-	-	74,428	74,428
Licenses and permits	1,590,652	1,590,652	2,359,840	769,188
Intergovernmental revenues	42,000	42,000	803,012	761,012
Charges for services	1,338,935	1,338,935	1,416,541	77,606
Fines	135,193	135,193	164,918	29,725
Investment earnings	220,021	220,021	489,631	269,610
Contributions and donations, private sources	31,757	31,757	150,064	118,307
Miscellaneous revenue	20,278	20,278	190,165	169,887
Total revenues	12,272,799	12,272,799	14,497,240	2,224,441
EXPENDITURES				
Current:				
General government	4,690,637	4,926,561	4,054,919	871,642
Public safety	3,773,231	3,853,228	3,331,611	521,617
Highways and streets	1,550,034	1,606,169	1,216,910	389,259
Sanitation	1,228,371	1,238,371	1,134,735	103,636
Culture and recreation	1,019,562	1,059,563	779,897	279,666
Economic development and assistance	378,251	378,251	254,953	123,298
Capital outlay	770,252	1,801,424	1,243,373	558,051
Total Expenditures	13,410,338	14,863,567	12,016,398	2,847,169
Excess (deficiency) of revenues over expenditures	(1,137,539)	(2,590,768)	2,480,842	5,071,610
OTHER FINANCING SOURCES (USES)				
Transfers in	2,059,643	2,059,643	2,059,643	-
Transfers out	(1,048,044)	(1,048,044)	(800,000)	248,044
Total other financing sources (uses)	1,011,599	1,011,599	1,259,643	248,044
Net change in fund balances	(125,940)	(1,579,169)	3,740,485	5,319,654
Fund balance - beginning	9,444,859	9,444,859	9,444,859	-
Fund balance - ending	\$ 9,318,919	\$ 7,865,690	\$ 13,185,344	\$ 5,319,654

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

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

	Business-Type Activities			Total
	Aviation Fund	Golf Course Fund	Utility Fund	Proprietary Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 1,300	\$ 1,111,995	\$ 1,113,295
Investments - current	-	-	28,418,153	28,418,153
Accounts receivable, net	-	-	1,741,681	1,741,681
Due from other funds	192,028	590,744	-	782,772
Inventories	-	19,926	-	19,926
Total current assets	192,028	611,970	31,271,829	32,075,827
Noncurrent Assets:				
Land	415,172	499,050	2,337,269	3,251,491
Buildings	186,081	863,164	486,885	1,536,130
Improvements other than buildings	1,274,092	1,602,957	71,421,322	74,298,371
Furnishings and equipment	-	2,365,251	4,473,541	6,838,792
Accumulated depreciation	(466,305)	(3,192,398)	(30,582,112)	(34,240,815)
Construction/development in progress	253,122	-	1,984,295	2,237,417
Total noncurrent assets	1,662,162	2,138,024	50,121,200	53,921,386
Total assets	1,854,190	2,749,994	81,393,029	85,997,213
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	-	109,003	503,802	612,805
Total deferred outflows of resources	-	109,003	503,802	612,805
LIABILITIES				
Current liabilities:				
Accounts payable	688	25,010	330,691	356,389
Compensated absences payable	-	3,714	5,945	9,659
Due to other funds	-	-	6,174,946	6,174,946
Lease payable - current	-	86,016	-	86,016
Other current liabilities	-	-	3,920	3,920
Customer deposits	-	-	335,940	335,940
Total current liabilities	688	114,740	6,851,442	6,966,870
Noncurrent Liabilities:				
Lease payables	-	112,662	-	112,662
Net pension obligation	-	97,254	385,554	482,808
Other noncurrent liabilities	-	16,171	129,059	145,230
Total noncurrent liabilities	-	226,087	514,613	740,700
Total liabilities	688	340,827	7,366,055	7,707,570
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	-	44,274	295,939	340,213
Total deferred inflows of resources	-	44,274	295,939	340,213
NET POSITION				
Net investment in capital assets	1,662,162	1,939,347	50,121,200	53,722,709
Restricted for capital improvements	-	-	8,231,580	8,231,580
Unrestricted	191,340	534,549	15,882,057	16,607,946
Total net position	\$ 1,853,502	\$ 2,473,896	\$ 74,234,837	\$ 78,562,235

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

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

	Business-Type Activities			Total
	Aviation Fund	Golf Course Fund	Utility Fund	Proprietary Funds
REVENUES				
Operating revenues:				
Charges for services:				
Water	\$ -	\$ -	\$ 6,212,697	\$ 6,212,697
Wastewater/sewer	-	-	4,476,913	4,476,913
Other charges	329,324	687,871	-	1,017,195
Miscellaneous revenue	14,160	-	105,741	119,901
Total operating revenues	343,484	687,871	10,795,351	11,826,706
EXPENSES				
Operating expenses:				
Salaries and wages	16,051	685,996	2,150,691	2,852,738
Purchased services	33,190	91,716	693,166	818,072
Purchased property services	24,758	118,606	1,488,401	1,631,765
Materials and supplies	219,823	127,667	372,151	719,641
Other operating expenses	11,365	34,170	371,118	416,653
Depreciation	60,812	231,971	2,256,563	2,549,346
Miscellaneous	925	13,151	3,427	17,503
Total operating expenses	366,924	1,303,277	7,335,517	9,005,718
Operating income (loss)	(23,440)	(615,406)	3,459,834	2,820,988
Nonoperating revenues (expenses)				
Investment earnings	-	-	1,420,033	1,420,033
Interest expense	-	(12,860)	-	(12,860)
Total nonoperating revenues (expenses)	-	(12,860)	1,420,033	1,407,173
Income before transfers in (out)	(23,440)	(628,266)	4,879,867	4,228,161
Transfers in	-	800,000	-	800,000
Transfers out	-	-	(2,059,643)	(2,059,643)
Change in net position	(23,440)	171,734	2,820,224	2,968,518
Net position-beginning	1,876,942	2,302,162	71,414,613	75,593,717
Net position-ending	\$ 1,853,502	\$ 2,473,896	\$ 74,234,837	\$ 78,562,235

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

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CITY OF LAGO VISTA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities			
	Aviation Fund	Golf Course Fund	Utility Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 386,484	\$ 687,871	\$ 10,189,395	\$ 11,263,750
Receipt (return) of customer deposits	-	-	2,020	2,020
Payments to suppliers and service providers	(370,433)	(653,332)	(2,725,946)	(3,749,711)
Payments to employees for salaries and benefits	(16,051)	(702,929)	(2,188,897)	(2,907,877)
Net cash provided by (used for) operating activities	-	(668,390)	5,276,572	4,608,182
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	800,000	(2,059,643)	(1,259,643)
Net cash provided by (used for) capital and financing activities	-	800,000	(2,059,643)	(1,259,643)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	-	(132,218)	-	(132,218)
Long-term employee costs	-	-	(1,417,648)	(1,417,648)
Proceeds from sale of assets	-	608	-	608
Net cash provided by (used for) capital and related financing activities	-	(131,610)	(1,417,648)	(1,549,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	-	-	(2,590,736)	(2,590,736)
Interest on investments	-	-	1,420,033	1,420,033
Net cash provided by investing activities	-	-	(1,170,703)	(1,170,703)
Net increase (decrease) in cash and cash equivalents	-	-	628,578	628,578
Cash and cash equivalents-beginning	-	1,300	483,417	484,717
Cash and cash equivalents-ending	\$ -	\$ 1,300	\$ 1,111,995	\$ 1,113,295
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	\$ (23,440)	\$ (615,406)	\$ 3,459,834	\$ 2,820,988
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	60,802	231,971	2,256,563	2,549,336
(Increase) decrease in accounts receivable	43,000	-	1,183,394	1,226,394
(Increase) decrease in due from other funds	(79,369)	(258,690)	84,771	(253,288)
(Decrease) increase in deposits payable	-	-	2,020	2,020
(Decrease) increase in accounts payable	(993)	(9,332)	202,317	191,992
(Decrease) increase in accrued liabilities	-	(16,933)	(38,206)	(55,139)
(Decrease) increase in other current liabilities	-	-	(1,874,121)	(1,874,121)
Total adjustments	23,440	(52,984)	1,816,738	1,787,194
Net cash provided by (used for) operating activities	\$ -	\$ (668,390)	\$ 5,276,572	\$ 4,608,182

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

C. Government-Wide Financial Statements

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

D. Fund Financial Statements

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

The government reports the following major governmental funds:

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

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

The ARPA Grant Fund accounts for funding received in relation to the America Rescue Plan Act of 2021 (ARPA). The funds are intended to support various aspects of recovery efforts.

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

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The government reports the following major enterprise funds:

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

F. Budgetary Information

1. Budgetary basis of accounting

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

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

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

2. Excess of expenditures over appropriations

For the year ended September 30, 2024, expenditures did not significantly exceed appropriations in any of the City's legally adopted budgets.

2. Investments

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

3. Inventories and prepaid items

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

4. Capital assets

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

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

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

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

5. Deferred outflows/inflows of resources

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

6. Net position flow assumption

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

7. Fund balance flow assumptions

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

8. Fund balance policies

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

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

H. Revenues and Expenditures/Expenses

1. Program revenues

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Property taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2023 upon which the levy for the 2023-2024 fiscal year was based, was \$2,415,816,139. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2024, to finance General Fund and Debt Service Fund operations were \$0.2989 and \$0.1150, respectively, for a total tax rate of \$0.4139 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2023-2024 fiscal year was \$9,999,063. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2024, were 97% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

3. Compensated absences

Vacation

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

Sick Leave

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

4. Proprietary funds operating and nonoperating revenues and expenses

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

II. Stewardship, Compliance and Accountability

A. Violations of Legal or Contractual Provisions

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

B. Deficit Fund Equity

For the year ended September 30, 2024 there were no funds reported with deficit fund equity.

III. Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institution

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2024, the government's bank balance was \$1,428,046 and \$-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

B. Investments

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

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

As of September 30, 2024, the government had the following investments:

Investment Type	Maturity Time in Years
	Less than 1
Logic (local government investment pool)	\$ 69,927,602
Total investments	<u>\$ 69,927,602</u>

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2024, the government's investment in the State Treasurer's investment pool was rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

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

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

C. Receivables

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

Governmental Funds:

	General	Hotel	Debt Service	Total
Receivables	Fund	Fund	Fund	Governmental Funds
Property taxes	\$ 302,926	\$ -	\$ 140,061	\$ 442,987
Accounts receivable	231,249	-	-	231,249
Franchise taxes	145,738	69,884	-	215,622
Gross receivables	679,913	69,884	140,061	889,858
Less: Allowance for uncollectibles	(19,861)	-	-	(19,861)
Net receivables	<u>\$ 660,052</u>	<u>\$ 69,884</u>	<u>\$ 140,061</u>	<u>\$ 869,997</u>

Proprietary Funds:

Receivables	Utility Fund
Accounts receivable	\$ 2,040,533
Gross receivables	2,040,533
Less: Allowance for uncollectibles	(298,852)
Net receivables	<u>\$ 1,741,681</u>

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

D. Capital Assets

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

Governmental Activities:

	Balance 10/1/23	Increases	Decreases	Balance 9/30/24
Capital assets, not being depreciated:				
Land	\$ 1,520,409	\$ 5,061	\$ -	\$ 1,525,470
Total capital assets, not being depreciated	1,520,409	5,061	-	1,525,470
Capital assets, being depreciated:				
Autos and trucks	1,177,441	83,193	-	1,260,634
Buildings & streets	23,238,438	952,957	-	24,191,395
Furniture and fixtures	109,627	4,789	-	114,416
Improvements	7,986,184	185,779	-	8,171,963
Machinery and equipment	2,696,872	535,663	(1,006)	3,231,529
Total capital assets, being depreciated	35,208,562	1,762,381	(1,006)	36,969,937
Less accumulated depreciation for:				
Autos and trucks	(1,177,441)	(16,639)	-	(1,194,080)
Buildings & streets	(5,197,500)	(824,333)	-	(6,021,833)
Furniture and fixtures	(100,091)	(1,053)	-	(101,144)
Improvements	(2,925,619)	(279,135)	-	(3,204,754)
Machinery and equipment	(1,734,802)	(320,105)	1,006	(2,053,901)
Total accumulated depreciation	(11,135,453)	(1,441,265)	1,006	(12,575,712)
Total capital assets being depreciated, net	24,073,109	321,116	-	24,394,225
Governmental activities capital assets, net	\$ 25,593,518	\$ 326,177	\$ -	\$ 25,919,695

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Business-type Activities:

	Balance 10/1/23	Increases	Decreases	Balance 9/30/24
Capital assets, not being depreciated:				
Land	\$ 3,251,491	\$ -	\$ -	\$ 3,251,491
Construction in progress	1,083,856	1,153,561	-	2,237,417
Total capital assets, not being depreciated	4,335,347	1,153,561	-	5,488,908
Capital assets, being depreciated:				
Buildings	1,536,130	-	-	1,536,130
Improvements	73,798,891	499,480	-	74,298,371
Furniture and equipment	6,388,572	520,827	(70,607)	6,838,792
Total capital assets, being depreciated	81,723,593	1,020,307	(70,607)	82,673,293
Less accumulated depreciation for:				
Buildings	(593,479)	(44,906)	-	(638,385)
Improvements	(25,877,638)	(2,014,141)	-	(27,891,779)
Furniture and equipment	(5,290,959)	(490,299)	70,607	(5,710,651)
Total accumulated depreciation	(31,762,076)	(2,549,346)	70,607	(34,240,815)
Total capital assets being depreciated, net	49,961,517	(1,529,039)	-	48,432,478
Business-type activities capital assets, net	\$ 54,296,864	\$ (375,478)	\$ -	\$ 53,921,386

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

Governmental activities:

General government	\$ 556,330
Public safety	426,106
Highways and streets	155,640
Sanitation	145,130
Culture and recreation	99,747
Economic development and assistance	58,312
Total depreciation expense - governmental activities	<u>\$ 1,441,265</u>

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

E. Defined Benefit Pension Plan

Plan Description

The City participates as one of more than 930 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.

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

Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	85
Active employees	106
	<hr/>
	244
	<hr/>

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lago Vista, Texas were 8.28% and 9.08% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$569,987, and were equal to the required contributions.

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public & 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%	

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 14,815,145	\$ 13,232,388	\$ 1,582,756
Changes for the year:			
Service cost	877,168	-	877,168
Interest	1,006,901	-	1,006,901
Change of benefit terms	-	-	-
Difference between expected and actual experience	106,274	-	106,274
Changes of assumptions	(56,266)	-	(56,266)
Contributions - employer	-	514,294	(514,294)
Contributions - employee	-	391,593	(391,593)
Net investment income	-	1,531,481	(1,531,481)
Benefit payments, including refunds of employee contr.	(673,358)	(673,358)	-
Administrative expense	-	(9,743)	9,743
Other changes	-	(68)	68
Net changes	1,260,719	1,754,199	(493,480)
Balance at 12/31/2023	\$ 16,075,864	\$ 14,986,587	\$ 1,089,277

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	\$ 3,201,210	\$ 1,089,277	\$ (660,997)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the city recognized pension expense of \$2,716.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 1,229,249	\$ 846,228
Differences between expected and actual economic experience	73,836	28,635
Difference in assumption changes	-	38,846
Contributions subsequent to the measurement date	425,290	-
Total	<u>\$ 1,728,375</u>	<u>\$ 913,709</u>

\$425,288 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:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2024	\$ 91,756
2025	139,629
2026	285,649
2027	(127,659)
Total	<u>\$ 389,375</u>

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

F. Other Post-Employment Benefit (OPEB) Obligations

Benefits Provided

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

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

Employees Covered by Benefit Terms

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

Inactive employees currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	19
Active employees	106
	<u>166</u>

Contributions

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

The City's contributions to the TMRS SDBF for the years September 30, 2024 and 2023 were \$27,457 and \$22,405 respectively, which equaled the required contributions each year.

Plan Assets

At the December 31, 2023 valuation and measurement date, there are no assets accumulated in trust.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50%-11.50% including inflation per year
Discount rate	1.84% based on Fidelity Index's 20-year Municipal GO AA Index
Retirees' share of benefit costs	\$0

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68. Mortality rates for service retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB; while the mortality rate for disabled retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females and projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Schedule of Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 251,155	\$ -	\$ 251,155
Changes for the year:			
Service cost	16,316	-	16,316
Interest	10,357	-	10,357
Change of benefit terms	-	-	-
Difference between expected and actual experience	10,903	-	10,903
Changes of assumptions	14,381	-	14,381
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(7,179)	-	(7,179)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	44,778	-	44,778
Balance at 12/31/2023	\$ 295,933	\$ -	\$ 295,933

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.77% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.77% or 1-percentage-point higher 4.77% than the current rate:

	1% Decrease in	Current	1% Increase in
	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
City's net OPEB liability	\$ 348,575	\$ 295,933	\$ 253,972

Pension Plan Fiduciary Net Position

Detailed information about the OPEB plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

For the year ended September 30, 2024, the city recognized OPEB expense of \$10,273.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,146	\$ 6,440
Difference in assumption changes	33,951	71,326
Contributions subsequent to the measurement date	20,110	-
Total	<u>\$ 66,207</u>	<u>\$ 77,766</u>

\$20,112 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (4,296)
2025	(11,183)
2026	(17,599)
2027	1,412
Total	<u>\$ (31,666)</u>

G. Risk Management

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

H. Lease Obligations

1. Capital Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024, were as follows:

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

I. Long-Term Liabilities

General Obligation Bonds

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

Details of long-term debt obligations outstanding at September 30, 2024 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/24
Bonds Payable					
Certificates of Obligation, Series 2006	2006	\$ 6,515,000	4.13%	2027	\$ 1,365,000
Certificates of Obligation, Series 2008	2008	2,000,000	3.87%	2028	526,000
Certificates of Obligation, Series 2014	2014	7,655,000	2-4.5%	2035	7,315,000
General Obligation Refunding Bond, Series 2015	2015	6,955,000	2-4%	2035	6,095,000
General Obligation Refunding Bond, Series 2016A	2016	1,810,000	2-4%	2037	1,440,000
General Obligation Refunding Bond, Series 2016B	2016	3,875,000	1.22-3.739%	2037	3,195,000
Certificates of Obligation, Series 2017	2017	7,725,000	3-4%	2047	6,165,000
Certificates of Obligation, Series 2024	2024	23,465,000	3-5%	2049	23,465,000
Total Bonds Payable					\$ 49,566,000

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Business-type Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/24
Leases Payable					
Wells Fargo, Mowers	2019	\$ 96,450	4.32%	2025	\$ 17,848
Wells Fargo, Mowers	2022	184,054	0.00%	2026	92,026
Yamaha, Golf Carts	2019	309,474	4.20%	2023	57,004
John Deere, Maintenance Vehicles	2021	65,598	3.75%	2027	31,800
Total Leases Payable					<u>\$ 198,678</u>

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2024 are as follows:

Governmental Activities:

Description	Balance 10/1/23	Additions	Deletions	Balance 9/30/24	Due in One Year
Bonds Payable					
General obligation bonds	\$ 11,465,000	\$ -	\$ (735,000)	\$ 10,730,000	\$ 760,000
Certificates of obligation	16,275,000	23,465,000	(904,000)	38,836,000	1,039,000
Premium	1,171,728	2,534,298	(183,116)	3,522,910	-
Total bonds payable	<u>28,911,728</u>	<u>25,999,298</u>	<u>(1,822,116)</u>	<u>53,088,910</u>	<u>1,799,000</u>
Compensated absences	639,717	-	-	639,717	-
Net pension liability/(asset)	1,044,620	-	(325,697)	718,923	-
Net other postemployment benefit obligation	155,717	27,762	-	183,479	-
Governmental activities long-term liabilities	<u>\$ 30,751,782</u>	<u>\$ 26,027,060</u>	<u>\$(2,147,813)</u>	<u>\$ 54,631,029</u>	<u>\$ 1,799,000</u>

Business-type Activities:

Description	Balance 10/1/23	Additions	Deletions	Balance 9/30/24	Due in One Year
Capital leases	\$ 318,037	\$ -	\$ (119,359)	\$ 198,679	\$ 112,662
Compensated absences	145,230	-	-	145,230	-
Net pension liability/(asset)	538,137	-	(167,784)	370,353	-
Net other postemployment benefit obligation	95,438	17,016	-	112,454	-
Governmental activities long-term liabilities	<u>\$ 1,096,842</u>	<u>\$ 17,016</u>	<u>\$ (287,143)</u>	<u>\$ 826,716</u>	<u>\$ 112,662</u>

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Governmental Activities:

Year Ended September 30,	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2025	\$ 1,799,000	\$ 2,694,771
2026	2,284,000	2,051,281
2027	2,384,000	1,954,805
2028	2,399,000	1,856,558
2029	2,500,000	1,756,945
2030-2034	14,185,000	7,118,230
2035-2039	8,640,000	4,459,643
2040-2044	7,095,000	2,873,669
2045-2049	8,280,000	1,011,974
Totals	\$ 49,566,000	\$ 25,777,876

J. Fund Balance

Minimum fund balance policy. The governing council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 90 days of general fund annual revenues (approximately 25%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. In rare circumstances, it is allowed to drop further below target provided a plan is in place to restore the funds.

K. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2024 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Fund	\$ 1,958,182
Debt Service Fund	Utility Fund	31,247
Capital Projects Fund	General Fund	4,085,333
Aviation Fund	General Fund	192,028
Golf Fund	General Fund	590,745
Total		<u>\$ 6,857,535</u>

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

CITY OF LAGO VISTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

L. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2024 is as follows:

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

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

N. Contingencies

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

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

O. Subsequent Events

As of April 11, 2025, there were no items noted requiring recording and/or disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION
OTHER REPORTING

CITY OF LAGO VISTA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020
A. Total pension liability				
1. Service cost	\$ 877,168	\$ 730,430	\$ 682,299	\$ 663,096
2. Interest (on the Total Pension Liability)	1,006,901	947,701	896,817	817,904
3. Changes of benefit terms	-	-	-	-
4. Difference between expected and actual experience	106,274	1,047	(120,024)	159,695
5. Changes of assumptions	(56,266)	-	-	-
6. Benefit payments, including refunds of employee contributions	(673,358)	(1,077,659)	(380,988)	(581,439)
7. Net change in total pension liability	\$ 1,260,719	\$ 601,519	\$ 1,078,104	\$ 1,059,256
8. Total pension liability - beginning	14,815,145	14,213,626	13,135,522	12,076,266
9. Total pension liability - ending	<u>\$ 16,075,864</u>	<u>\$ 14,815,145</u>	<u>\$ 14,213,626</u>	<u>\$ 13,135,522</u>
B. Plan fiduciary net position				
1. Contributions - employer	\$ 514,293	\$ 452,036	\$ 425,964	\$ 427,060
2. Contributions - employee	391,593	341,589	325,162	315,600
3. Net investment income	1,531,481	(1,064,647)	1,639,567	876,098
4. Benefit payments, including refunds of employee contributions	(673,358)	(1,077,659)	(380,988)	(581,439)
5. Administrative expense	(9,743)	(9,209)	(7,586)	(5,671)
6. Other changes	(67)	10,989	52	(222)
7. Net change in plan fiduciary net position	\$ 1,754,199	\$ (1,346,901)	\$ 2,002,171	\$ 1,031,426
8. Plan fiduciary net position - beginning	13,232,388	14,579,289	12,577,118	11,545,692
9. Plan fiduciary net position - ending	<u>\$ 14,986,587</u>	<u>\$ 13,232,388</u>	<u>\$ 14,579,289</u>	<u>\$ 12,577,118</u>
C. Net pension liability [A.9 - B.9]	<u>\$ 1,089,277</u>	<u>\$ 1,582,757</u>	<u>\$ (365,663)</u>	<u>\$ 558,404</u>
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	93.22%	89.32%	102.57%	95.75%
E. Covered-employee payroll	\$ 6,526,550	\$ 5,693,144	\$ 5,419,370	\$ 5,258,495
F. Net position as a percentage of covered employee payroll [C / E]	16.69%	27.80%	-6.75%	10.62%

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
\$ 595,954	\$ 557,697	\$ 530,359	\$ 498,365	\$ 431,114	\$ 362,015
759,830	687,882	623,948	569,842	527,056	489,774
-	-	-	-	-	-
(74,546)	160,240	101,262	43,293	20,443	(73,396)
37,949	-	-	-	212,906	-
(403,363)	(314,744)	(329,404)	(322,425)	(302,417)	(258,266)
\$ 915,824	\$ 1,091,075	\$ 926,165	\$ 789,075	\$ 889,102	\$ 520,127
11,160,442	10,069,367	9,143,202	8,354,127	7,465,025	6,944,898
\$ 12,076,266	\$ 11,160,442	\$ 10,069,367	\$ 9,143,202	\$ 8,354,127	\$ 7,465,025
\$ 361,957	\$ 344,782	\$ 316,030	\$ 249,566	\$ 234,864	\$ 215,450
279,353	262,858	245,916	231,081	212,546	203,575
1,515,340	(293,885)	1,166,782	523,318	11,202	402,356
(403,363)	(314,744)	(329,404)	(322,425)	(302,417)	(258,266)
(8,562)	(5,678)	(6,044)	(5,907)	(6,822)	(4,200)
(257)	(297)	(306)	(318)	(338)	(345)
\$ 1,744,468	\$ (6,964)	\$ 1,392,974	\$ 675,315	\$ 149,035	\$ 558,570
9,801,224	9,808,188	8,415,215	7,739,900	7,590,865	7,032,295
\$ 11,545,692	\$ 9,801,224	\$ 9,808,189	\$ 8,415,215	\$ 7,739,900	\$ 7,590,865
\$ 530,574	\$ 1,359,218	\$ 261,178	\$ 727,987	\$ 614,227	\$ (125,840)
95.61%	87.82%	97.41%	92.04%	92.65%	101.69%
\$ 4,655,888	\$ 4,380,966	\$ 4,098,600	\$ 3,851,351	\$ 3,542,430	\$ 3,392,918
11.40%	31.03%	6.37%	18.90%	17.34%	-3.71%

CITY OF LAGO VISTA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Fiscal Year			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 569,987	\$ 501,112	\$ 442,626	\$ 421,203
Contributions in relation to the actuarially determined contribution	<u>(569,987)</u>	<u>(501,112)</u>	<u>(442,626)</u>	<u>(421,203)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,526,550	\$ 5,693,144	\$ 5,590,282	\$ 5,311,019
Contributions as a percentage of covered employee payroll	8.73%	8.80%	7.92%	7.93%

Fiscal Year					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 401,349	\$ 357,036	\$ 334,163	\$ 300,205	\$ 254,860	\$ 235,583
(401,349)	(357,036)	(334,163)	(300,205)	(254,860)	(235,583)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,993,558	\$ 4,580,879	\$ 4,266,109	\$ 4,042,094	\$ 3,911,628	\$ 3,491,490
8.04%	7.79%	7.83%	7.43%	6.52%	6.75%

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CITY OF LAGO VISTA, TEXAS
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED 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	21 Years (longest amortization ladder)
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50% per year
Salary increases	3.60% 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	<p>Post-retirement: 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).</p> <p>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table 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).</p>

Other Information:

Notes There were no benefit changes during the year.

CITY OF LAGO VISTA, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020
A. Total pension liability				
1. Service cost	\$ 16,316	\$ 28,466	\$ 26,013	\$ 23,137
2. Interest on Total OPEB Liability	10,357	6,454	6,406	6,645
3. Changes of benefit terms	-	-	-	-
4. Difference between expected & actual experience	10,903	(826)	(7,961)	11,968
5. Changes of assumptions	14,381	(116,903)	9,523	38,398
6. Benefit payments	(7,179)	(5,124)	(4,335)	(1,578)
7. Net changes	\$ 44,778	\$ (87,933)	\$ 29,646	\$ 78,570
8. Total OPEB Liability - beginning of the year	251,155	339,088	309,442	230,872
9. Total OPEB Liability - end of the year	<u>\$ 295,933</u>	<u>\$ 251,155</u>	<u>\$ 339,088</u>	<u>\$ 309,442</u>
 E. Covered-employee payroll	 \$ 6,526,550	 \$ 5,693,144	 \$ 5,419,371	 \$ 5,258,495
 F. Total OPEB Liability as a Percentage of Covered Payroll	 4.53%	 4.41%	 6.26%	 5.88%

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
\$ 14,899	\$ 16,210	\$ 13,116
7,093	6,388	6,000
-	-	-
(12,980)	(9,763)	-
38,814	(12,846)	14,459
(1,397)	(876)	(820)
<u>\$ 46,429</u>	<u>\$ (887)</u>	<u>\$ 32,755</u>
<u>184,443</u>	<u>185,330</u>	<u>152,575</u>
<u><u>\$ 230,872</u></u>	<u><u>\$ 184,443</u></u>	<u><u>\$ 185,330</u></u>
\$ 4,655,888	\$ 4,380,966	\$ 4,098,600
4.96%	4.21%	4.52%

CITY OF LAGO VISTA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Fiscal Year			
	2024	2023	2022	2020
Actuarially Determined Contribution	\$ 27,457	\$ 22,405	\$ 12,143	\$ 11,587
Contributions in relation to the actuarially determined contribution	(27,457)	(22,405)	(12,143)	(11,587)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,526,550	\$ 6,346,680	\$ 5,590,282	\$ 5,311,019
Contributions as a percentage of covered employee payroll	0.42%	0.35%	0.22%	0.22%

Fiscal Year		
2019	2018	2017
\$ 11,867	\$ 10,994	\$ 9,385
(11,867)	(10,994)	(9,385)
\$ -	\$ -	\$ -
\$ 4,993,558	\$ 4,580,879	\$ 4,266,109
0.24%	0.24%	0.22%

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CITY OF LAGO VISTA, TEXAS
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Actuarial Assumptions:

Inflation	2.50%
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 of 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.
Other Information:	
Notes	<p>*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.</p> <p>The Actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.</p>

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CITY OF LAGO VISTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 2,676,372	\$ 2,676,372	\$ 2,704,369	\$ 27,997
Penalties and interest on taxes	-	-	23,373	23,373
Investment earnings	46,695	46,695	54,192	7,497
Total revenues	2,723,067	2,723,067	2,781,934	58,867
EXPENDITURES				
Current:				
General government	8,000	8,000	9,500	(1,500)
Debt service:				
Bond principal	1,639,000	1,639,000	1,639,000	-
Interest - bonds	1,037,372	1,037,372	1,040,172	(2,800)
Total Expenditures	2,684,372	2,684,372	2,688,672	(4,300)
Excess (deficiency) of revenues over expenditures	38,695	38,695	93,262	54,567
OTHER FINANCING SOURCES (USES)				
Premium on bonds issued	-	-	13,892	13,892
Total Other Financing Sources (Uses)	-	-	13,892	13,892
Net Change in Fund Balances	38,695	38,695	107,154	68,459
Fund balance - beginning	585,610	585,610	585,610	-
Fund balance - ending	\$ 624,305	\$ 624,305	\$ 692,764	\$ 68,459

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lago Vista, Texas ('the City'), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Cedar Park Office (HQ)

1130 Cottonwood Creek Trail, B4
Cedar Park, Texas 78613

(800) 272-9922
www.SingletonClark.com

Alpine Office

108 N. 5th Street
Alpine, Texas 79830

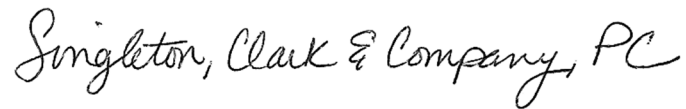
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of This Report

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

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC".

Singleton, Clark & Company, PC
Cedar Park, Texas

April 11, 2025

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

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

2024-001 Payroll Procedures

Criteria: The City’s Employee Manual, Purchasing Procurement Policy and Home Rule Charter detail approved payroll and purchasing procedures and controls.

Condition Found: During the year ended September 30, 2024, a director was separated from the City through an agreement rather than through Council approval per policy and in three instances of leave time payout at employee separation amounts were paid in excess of policy including a conversion of leave time asserted as policy when no such policy existed. This condition has been classified as a significant deficiency.

Cause: Given that all employees involved in the condition discussed above are no longer employees of the City, the auditor was unable to interview them through the audit process and determine what happened and why. And so, in regard to the question of whether policies were clearly known or the former City Manager exercised purchasing authority related to these transaction could not be firmly established.

Recommendation: We make the following recommendations with the understanding that the City has already undertaken changes related to its policies. We recommend that the City align all approved policy documents and set specifics about what may be done or not done. The policy in place for payout of leave was expressed in days and hours as if to specify eight hour days but it appears that due to the weekly schedule kept by the City a ten hour day was used. As to whether the former City Manager had authority related to any transaction including those related to payroll are unclear and this should be addressed.

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

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

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CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2024

2024-001 Payroll Procedures

Corrective Action Planned: The City will review its policies and revise as needed to ensure specific guidance exists.

Anticipated Completion Date: September 30, 2025

Contact Person: Tiffany Sparks, Director of Human Resources