

PUBLIC NOTICE: RIESEL CITY COUNCIL MEETING ON 5.14.2024

NOTICE IS HEREBY GIVEN that the City Council of the City of Riesel, McLennan County, Texas, will hold a **REGULAR** called meeting on Tuesday, **MAY 14th, 2024 at 6:30 PM** at Riesel City Hall, 104 N Hwy 6, to discuss the following matters:

1. Call to Order; Confirm Quorum; Pledge of Allegiance & Invocation
2. **Consent Agenda:** Consent Items under item number 5 are considered routine by the City Council and will be enacted on by one motion to approve all items listed below. There will be no separate discussion of these items other than asking simple questions for clarification.
 - a. Approval of Minutes from Council Meetings on: 4/9/2024
 - b. Payment of Bills/Payroll & Monthly Financial Reports
3. **Visitor's Comments:** This is an opportunity for visitors to bring any item to the City Council's attention. Comments limited to 3 minutes per visitor. No deliberation may be held on the matter, except limited to a proposal to put the subject on the agenda for a subsequent meeting.
4. Discussion and possible action regarding annual financial audit of the General, Water & Sewer Funds, prepared by Paul Christensen & Associates.
5. Discussion and action approving a line-item transfer in accordance with Local Government code 252.022, transferring funds from the 2023-2024 General Operating Budget Contingency Fund Line Item 190, to the Street Budget "Culvert & Drainage" Line Item 188 in order to complete unforeseen emergency repairs needed for road and culvert damage on Rattlesnake Road, which was caused by recent flash flooding.
6. Discussion and action pertaining to a Drainage Rehab Project for the next budget cycle
7. Discussion and possible action regarding adoption of Ordinance #2024-03, PROVIDING FOR THE REGULATION OF DRIVEWAYS AND OTHER INSTALLATIONS IN STREET DITCHES; REGULATING CULVERTS AND STREET DITCHES; PROVIDING FOR PERMITS AND FEES FOR ANY DRIVEWAY, ROAD, SIDEWALK OR OTHER SUCH INSTALLATION IN A STREET DITCH; PROVIDING FOR PLANS & INSPECTIONS AND CHANGES IF NEEDED; PROVIDING FOR MINIMUM CULVERT SIZES AND COMPOSITION OF CULVERTS; REQUIRING EXISTING CULVERTS TO BE REPAIRED OR REPLACED WHERE THEY ARE UNDERSIZED, DAMAGED, CRUSHED, SUNKEN, CLOGGED OR BLOCKED SUCH THAT THEY IMPEDE THE FLOW OF STORM WATER; PROVIDING FOR THE NOTICE OF NON-FUNCTIONAL CULVERTS AND VIOLATION, PROVIDING FOR A TIME TO COMPLETE REPAIR OR REPLACEMENT, PROVIDING FOR CULVERTS TO BE ADDED TO DRIVEWAYS, SIDEWALKS AND OTHER INSTALLATIONS IN THE STREET DITCH WHERE NONE EXIST, REQUIRING OWNERS AND/OR OCCUPANTS TO KEEP ABUTTING STREET DITCHES CLEAN AND FREE OF WEEDS, TRASH, RUBBISH, OR OTHER MATTERS THAT WOULD IMPEDE THE FLOW OF STORMWATER

8. Discussion and possible action regarding adoption of Ordinance #2024-04, PROHIBITING THE USE, SALE, OR POSSESSION OF FIREWORKS WITHIN THE CITY LIMITS OF RIESEL; DECLARING FIREWORKS A NUISANCE AND PROVIDING FOR SEIZURE AND DESTRUCTION OF FIREWORKS; MAKING VIOLATION AN OFFENSE PUNISHABLE BY FINE
9. Discussion and possible action regarding implementation of a policy for city-owned, take-home vehicles
10. Discussion and possible action pertaining to authorization of a parade for the Riesel High School Senior Class of 2024 to be held on Sunday, May 19, 2024 at 5:00 PM.
11. Discussion regarding a Bridge Feasibility Study, in relation to a possible future bridge to be built across the Brazos River, linking Riesel to Robinson
12. Discussion regarding possible future plans to widen Highway 6 and the installation of overpasses over town
13. Discussion and action regarding the acceptance of Councilman Bill Barker's resignation from City Council
14. **Executive Session #2:** A closed meeting will be held pursuant to *Section 551.074 of the Government Code (V.C.T.A.)* for the City Council to deliberate the duties, evaluation, employment, and/or appointment of a public officer or employee: Officer, Daryl Welch

Convene into Closed Session at: _____ (time) **Resume Open Session at :** _____ (time)

15. Discussion and possible action regarding topic of executive session, Daryl Welch
16. Monthly Reports Submitted: a. Utility Report b. Police Report c. Secretary's Report
17. Discussion and possible directives to staff for future agenda items, data compilations, research, ordinances, regulations, or policies that the members of the Council desire to be compiled or drafted for review by the Council at a subsequent meeting.
18. Adjournment

I hereby certify that this notice was placed at its present location at least 72 hours prior to the above meeting time. Posted on Friday, 5/10//2024 at 8:30 AM

Alisha Flanary

Alisha Flanary, City Secretary

BE IT REMEMBERED that on Tuesday, **APRIL 9, 2024**, the Riesel City Council met in a REGULAR called meeting, at 6:30 p.m. in the Riesel City Hall Meeting Room, at 104 Hwy. 6 North in Riesel, Texas, with notice of said meeting having been posted at least 72 hours in advance in accordance with Section 551, Texas Government Code.

Call to Order: Mayor Pro Tem Jennifer Hogg called the meeting to order at 6:33 PM

Council Members Present: Ralph May, Bobby Dieterich & Paul Winkler

Employees Present: Alisha Flanary, Cristen Conner & Ryan Dieterich

Visitors Present: Linda Hogg, Tom Flanary Jr., Kevin Wunderlich & Phyllis Koester

Mayor Hogg led the Pledge of Allegiance and Councilman Bill Barker, gave the invocation.

Consent Items: Bill Barker made a motion to approve all consent items: minutes from the 3/12/24, 3/19/24, & 3/26/24 council meetings, payment of bills and payroll and acceptance of monthly financial reports. Debbie Kilgore seconded the motion and it carried unanimously.

Visitor's Comments: Linda Hogg made comments about drainage and ditches

Executive Session: at 6:46 PM city council members convened into a closed executive session, pursuant to Section 551.074 of the Government Code (V.C.T.A.) to deliberate the duties, evaluation, employment, and/or appointment of a public officer or employee: ***Cristen Conner, annual evaluation***

Reconvene: At 7:13 PM Council reconvened the open session, stating that no action was taken during the closed meeting;

Raise in Pay: Bill Barker moved to increase Cristen Conner's pay by seven (7) percent. Paul Winkler seconded the motion and it carried unanimously.

Tax Exemption: Paul Winkler motioned to approve Ordinance #2024-02, granting tax exemption for qualifying child-care facilities, in accordance with Section 11.36 of the Texas Tax Code. Ralph May seconded the motion, which carried unanimously.

Ditch Ordinance: Debbie Kilgore made a motion to table discussion regarding Ordinance #2024-03, regulating ditches, culverts and other installations. Bobby Dieterich seconded the motion, which carried unanimously.

Take-home Vehicles: Bobby Dieterich moved to table discussion pertaining to implementing a take-home vehicle policy. Paul Winkler seconded the motion and it carried, unanimously.

Discussion Items: Brief discussion was held pertaining to the following: AEDs & a Procurement Policy

Monthly Reports were submitted by the Utility Department, Police Department and the Office of City Secretary.

Adjournment: With no further business, Mayor Hogg adjourned the meeting at 8:46 PM

Mayor, Jennifer Hogg

Attest: Alisha Flanary, City Secretary

City of Riesel - GENERAL FUND Balance Sheet - Bank Accounts

As of April 30, 2024

	Apr 30, 24
ASSETS	
Current Assets	
Checking/Savings	
1a - Unrestricted Cash	
*Checking	23,093.45
Payroll	73,039.90
Petty Cash	
Court Cash	100.00
General Cash	100.00
Petty Cash - Other	5,000.00
Total Petty Cash	5,200.00
Total 1a - Unrestricted Cash	101,333.35
1b - Restricted Cash	
2013 I & S Fund	177.24
POA / Drug Seizure	100.00
Total 1b - Restricted Cash	277.24
2a - Unrestricted Investments	
General Fund (sept)	4,517.78
General Fund II (may)	41,485.80
General Fund III (june)	21,128.77
Total 2a - Unrestricted Investments	67,132.35
Charles St Project Fund	129,276.25
General Fund Money Market	
*General Fund	2,392,193.20
City Hall Building	313,188.48
Drug Seizure/POA	4,335.40
Judicial Betterment	8,265.98
Security	141,768.79
Technology	160,765.26
Total General Fund Money Market	3,020,517.11
Total Checking/Savings	3,318,536.30
Total Current Assets	3,318,536.30
TOTAL ASSETS	3,318,536.30
LIABILITIES & EQUITY	0.00

City of Riesel - WATER FUND
Balance Sheet - Bank Accounts

As of April 30, 2024

	Apr 30, 24
ASSETS	
Current Assets	
Checking/Savings	
Construction Fund	
3a - Unrestricted Cash	
Construction Checking 8528	1,981
Total 3a - Unrestricted Cash	1,981
3b - Restricted Cash	
Construction I & S 8536	154,273
3b - Restricted Cash - Other	29
Total 3b - Restricted Cash	154,302
Total Construction Fund	156,283
Water Fund	
1a - Unrestricted Cash	
Checking 2002	87,541
Total 1a - Unrestricted Cash	87,541
1b - Restricted Cash	
2021 TWDB Escrow 8600	5,395,326
2021 TWDB Principal for LF 8601	414,173
Water III I&S 4014	45,433
Total 1b - Restricted Cash	5,854,931
2b - Restricted Investments	
Water \$100,000 CD (Sept)	133,708
Water III Reserve Fund	38,932
Total 2b - Restricted Investments	172,641
2c - ARPA GRANT 8597	25,641
Water Fund Money Market	
*Water Fund	1,559,605
Arsenic	236,741
Contingency	100,000
Line Replacement	170,280
Water Fund Money Market - Other	8,878
Total Water Fund Money Market	2,075,505
Total Water Fund	8,216,260
Total Checking/Savings	8,372,542
Total Current Assets	8,372,542
TOTAL ASSETS	8,372,542
LIABILITIES & EQUITY	0

9:00 AM
05/10/24
Cash Basis

City of Riesel - SEWER FUND
Balance Sheet - Bank Accounts
As of April 30, 2024

	Apr 30, 24
ASSETS	
Current Assets	
Checking/Savings	
1a - Unrestricted Cash	
Checking 6644	-301.32
Total 1a - Unrestricted Cash	-301.32
1b - Restricted Cash	
Sewer Jr I&S 0241	25,324.71
Total 1b - Restricted Cash	25,324.71
2b - Restricted Investments	
Sewer 1999 Reserve Bond (sept)	48,319.61
Sewer Repair&Replacement (sept)	6,114.60
Sewer Reserve Bond (jan)	13,710.78
Total 2b - Restricted Investments	68,144.99
Sewer Fund Money Market 1840	
* Sewer Fund	68,901.73
CLFRF Sewer Rehab Project	253,617.94
Contingency	75,000.00
Line Replacement	150,872.71
Sewer Fund Money Market 1840 - Other	171,144.95
Total Sewer Fund Money Market 1840	719,537.33
Total Checking/Savings	812,705.71
Total Current Assets	812,705.71
TOTAL ASSETS	812,705.71
LIABILITIES & EQUITY	0.00

City of Riesel - General

5/10/2024 8:34 AM

Register: 1a - Unrestricted Cash:*Checking

From 04/01/2024 through 04/30/2024

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/01/2024			General Fund Money ...	Deposit		X	25,000.00	24,566.12
04/01/2024	eft	Bancorp South	Accounts Payable	Safety Deposit ...	80.00	X		24,486.12
04/05/2024	eft	United States Treasury	-split-	EFTPS Payme...	3,960.46	X		20,525.66
04/05/2024	20914	Alfred Lehmann Serv...	Accounts Payable	Invoice# 1015	900.00	X		19,625.66
04/05/2024	20915	Ambold's	Accounts Payable	Acct 2790	49.99	X		19,575.67
04/05/2024	20916	AT&T Wireless Serv...	Accounts Payable	Acct# 2873296...	442.96	X		19,132.71
04/05/2024	20917	Averie-Britt Mkyzie...	Accounts Payable	Citation# 24 03...	6.00			19,126.71
04/05/2024	20918	Bureau Veritas North...	Accounts Payable		1,113.62	X		18,013.09
04/05/2024	20919	Gary Cunha, PC	Accounts Payable	March 2024	1,000.00	X		17,013.09
04/05/2024	20920	HOT Network Consu...	Accounts Payable	Invoice# 77969	2,540.00	X		14,473.09
04/05/2024	20921	Imo Ibritam	Accounts Payable	Citation# 1601...	52.00	X		14,421.09
04/05/2024	20922	Liberty National	Accounts Payable	Acct# 85805	166.34	X		14,254.75
04/05/2024	20923	Omnibase	Accounts Payable	Report# 124-1...	768.00	X		13,486.75
04/05/2024	20924	Patrick Matusek	Accounts Payable	Citation# 24 03...	32.00			13,454.75
04/05/2024	20925	Pattillo Brown & Hil...	Accounts Payable	Invoice# 482619	7,493.00	X		5,961.75
04/05/2024	20926	Riesel Rustler	Accounts Payable	Invoice# 4070	6.25	X		5,955.50
04/05/2024	20927	TML Multistate Inter...	Accounts Payable	Invoice# PRIE...	5,408.48	X		547.02
04/05/2024	20928	TXU Energy	Accounts Payable	Invoice# 05200...	3,414.90	X		-2,867.88
04/05/2024	20929	Verizon	Accounts Payable	VOID: Acct# 8...		X		-2,867.88
04/05/2024	20930	Visa - Card Services	Accounts Payable	XXXXXX XXX...	3,602.85	X		-6,470.73
04/09/2024			General Fund Money ...	monthly bills		X	50,000.00	43,529.27
04/12/2024			-split-	Deposit		X	9,931.38	53,460.65
04/12/2024	20931	Cap Fleet Upfitters	Accounts Payable	Invoice# CAPI...	541.00	X		52,919.65
04/12/2024	20932	Gafford Auto Parts	Accounts Payable	Invoice# 9333-...	75.90	X		52,843.75
04/12/2024	20933	Haley & Davis PC	Accounts Payable	Invoice# 2373...	2,300.00	X		50,543.75
04/12/2024	20934	HOT Network Consu...	Accounts Payable		777.20	X		49,766.55
04/12/2024	20935	Jazzlyn Davis	Accounts Payable	Citation# 1747...	1.19			49,765.36
04/12/2024	20936	Landscape Supply	Accounts Payable	Invoice# 112492	377.94	X		49,387.42
04/12/2024	20937	Monsef Oukil	Accounts Payable	Citation# 24 05...	62.00			49,325.42
04/12/2024	20938	Riesel Fuel Service	Accounts Payable	Invoice# 34937	1,471.09	X		47,854.33
04/12/2024	20939	Sarah Abusada	Accounts Payable	Citation# 24 05...	334.00			47,520.33
04/12/2024	20940	Special Insurance Ser...	Accounts Payable	Invoice# C002...	161.40	X		47,358.93
04/12/2024	20941	Verizon	Accounts Payable	Acct# 850-460-...	45.64	X		47,313.29
04/19/2024			I - General Governmen...	Deposit		X	490.98	47,804.27
04/19/2024			I - General Governmen...	Deposit		X	34.55	47,838.82
04/19/2024	eft	United States Treasury	-split-	EFTPS Payme...	4,176.12	X		43,662.70
04/19/2024	20942	Alfred Lehmann Serv...	Accounts Payable	Invoice# 1030	900.00	X		42,762.70
04/19/2024	20943	Austin Klippstein	Accounts Payable	Citation# 24 05...	3.00			42,759.70
04/19/2024	20944	AWP Safety	Accounts Payable	Invoice# SW10...	215.00	X		42,544.70
04/19/2024	20945	Bobby Dieterich	Accounts Payable		335.35	X		42,209.35

City of Riesel - General

5/10/2024 8:34 AM

Register: 1a - Unrestricted Cash:*Checking

From 04/01/2024 through 04/30/2024

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/19/2024	20946	City of Waco Fiscal ...	Accounts Payable		691.00	X		41,518.35
04/19/2024	20947	Jennifer McClinton	Accounts Payable	Citation# 1690...	120.00			41,398.35
04/19/2024	20948	Joseph Epplin	Accounts Payable	Citation# 24 05...	167.00			41,231.35
04/19/2024	20949	Kaeland Davis	Accounts Payable	Citation# 3918...	1.00			41,230.35
04/19/2024	20950	Keith Ace Hardware	Accounts Payable		110.59	X		41,119.76
04/19/2024	20951	Pattillo Brown & Hil...	Accounts Payable	Invoice# 483366	950.00	X		40,169.76
04/19/2024	20952	Peter Kang	Accounts Payable	Citaiton# 24 06...	282.00			39,887.76
04/19/2024	20953	Richard Bowers	Accounts Payable	Citaiton# 1643...	120.00			39,767.76
04/19/2024	20954	Stein Lawn & Lands...	Accounts Payable	Invoice# 6194	800.00	X		38,967.76
04/19/2024	20955	Texas Security Equip...	Accounts Payable	Invoice# 3936	20.00			38,947.76
04/19/2024	20956	TXU Energy	Accounts Payable	Invoice# 05200...	2,991.87	X		35,955.89
04/19/2024	20957	Windstream	Accounts Payable	Acct# 1250364...	540.35	X		35,415.54
04/26/2024	20958	Aflac	Accounts Payable	Acct# BY511	107.77			35,307.77
04/26/2024	20959	Bobby Dieterich	Accounts Payable	Invoice# 775721	155.81	X		35,151.96
04/26/2024	20960	Cardinal Tracking, Inc.	Accounts Payable	Invoice# 131766	600.00	X		34,551.96
04/26/2024	20961	Christian Jauregui	Accounts Payable	Citation# 24 06...	302.00			34,249.96
04/26/2024	20962	Courtney Ogle	Accounts Payable	Citation# 7293...	200.00			34,049.96
04/26/2024	20963	Gary Cunha, PC	Accounts Payable	April 2024	1,000.00			33,049.96
04/26/2024	20964	HOT Council of Gov...	Accounts Payable	2024 Dues	170.00	X		32,879.96
04/26/2024	20965	HOT Network Consu...	Accounts Payable		435.00			32,444.96
04/26/2024	20966	Panther Premier Upfi...	Accounts Payable	Remaining Bal...	11,529.45	X		20,915.51
04/26/2024	20967	Richard Gregorie	Accounts Payable	Citation# 24 06...	14.00			20,901.51
04/26/2024	20968	Riesel Rustler	Accounts Payable	Subscription R...	22.00			20,879.51
04/26/2024	20969	TML Multistate Inter...	Accounts Payable	Invoice# PRIE...	4,615.18	X		16,264.33
04/30/2024	eft	State Comptroller	Accounts Payable	State Fees/Cou...	49,699.78	X		-33,435.45
04/30/2024	eft	TMRS	Accounts Payable	Retirement Apr...	3,471.10			-36,906.55
04/30/2024			General Fund Money ...	court costs 3.3...		X	60,000.00	23,093.45

City of Riesel - Water

5/10/2024 8:53 AM

Register: Water Fund:1a - Unrestricted Cash:Checking 2002

From 04/01/2024 through 04/30/2024

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/01/2024			-split-	Deposit		X	2,638.25	50,361.84
04/01/2024			Water Fund:Water Fun...	Deposit		X	25,000.00	75,361.84
04/01/2024			Water Fund:1b - Restri...	Water Ckg to ...	3,000.00	X		72,361.84
04/02/2024			-split-	Deposit		X	1,758.44	74,120.28
04/03/2024			-split-	Deposit		X	2,535.33	76,655.61
04/04/2024			-split-	Deposit		X	2,296.49	78,952.10
04/04/2024			-split-	Deposit		X	500.00	79,452.10
04/04/2024			-split-	Deposit		X	900.00	80,352.10
04/05/2024			-split-	Deposit		X	4,496.07	84,848.17
04/05/2024	17228	Bio Chem Lab, Inc.	Accounts Payable	Invoice# 15789...	30.00	X		84,818.17
04/05/2024	17229	Brien Water Wells &...	Accounts Payable	Invoice# 33418	21,971.83	X		62,846.34
04/05/2024	17230	Collier Consulting	Accounts Payable		41,014.00	X		21,832.34
04/05/2024	17231	Core & Main	Accounts Payable	Invoice# U578...	301.40	X		21,530.94
04/05/2024	17232	Frontier Waste Soluti...	Accounts Payable	Invoice# 20203	11,656.50	X		9,874.44
04/05/2024	17233	Gafford Auto Parts	Accounts Payable	Invoice# 9333-...	103.39	X		9,771.05
04/05/2024	17234	Henritta Mormino v	Accounts Payable	March 2024	222.72	X		9,548.33
04/05/2024	17235	LoneStar Maintenanc...	Accounts Payable		915.23	X		8,633.10
04/05/2024	17236	McLennan County G...	Accounts Payable	March 2024	117.39	X		8,515.71
04/05/2024	17237	National Wholesale ...	Accounts Payable	Invoice# S486...	449.76	X		8,065.95
04/05/2024	17238	Tri-County S.U.D.	Accounts Payable	Acct# 2441	500.00	X		7,565.95
04/05/2024			Water Fund:Water Fun...	Arsenic Project...		X	50,000.00	57,565.95
04/08/2024			-split-	Deposit		X	2,386.77	59,952.72
04/09/2024			Water Revenue	Deposit		X	50.00	60,002.72
04/09/2024			-split-	Deposit		X	1,078.26	61,080.98
04/10/2024			-split-	Deposit		X	3,460.57	64,541.55
04/11/2024			-split-	Deposit		X	1,956.38	66,497.93
04/12/2024			-split-	Deposit		X	18,426.99	84,924.92
04/12/2024			-split-	Deposit		X	300.00	85,224.92
04/12/2024	17239	Barlow Tank Inc.	Accounts Payable	Invoice# 378	1,500.00			83,724.92
04/12/2024	17240	Core & Main	Accounts Payable	Invoice# U610...	1,580.51	X		82,144.41
04/12/2024	17241	CP&Y Inc	Accounts Payable	Invoice# CIRI2...	675.00	X		81,469.41
04/12/2024	17242	DSHS Central Lab M...	Accounts Payable		490.00	X		80,979.41
04/12/2024	17243	LoneStar Maintenanc...	Accounts Payable	Invoice# B33028	126.00	X		80,853.41
04/12/2024	17244	Robert & Rachel Kie...	Accounts Payable	410 E Frederic...	116.67	X		80,736.74
04/12/2024	17245	Shelby Homes	Accounts Payable	101 Indian Trai...	131.56	X		80,605.18
04/12/2024	17246	Tim & Brenda Fergu...	Accounts Payable	146 Gerhard D...	136.07	X		80,469.11
04/12/2024	17247	Venora Johnson	Accounts Payable		50.00			80,419.11
04/15/2024			-split-	Deposit		X	4,013.10	84,432.21
04/16/2024			-split-	Deposit		X	1,378.05	85,810.26
04/17/2024			-split-	Deposit		X	1,720.37	87,530.63

City of Riesel - Water

5/10/2024 8:53 AM

Register: Water Fund:1a - Unrestricted Cash:Checking 2002

From 04/01/2024 through 04/30/2024

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/18/2024			-split-	Deposit		X	2,081.05	89,611.68
04/19/2024			-split-	Deposit		X	1,133.87	90,745.55
04/19/2024			-split-	Deposit		X	300.00	91,045.55
04/19/2024	17248	Core & Main	Accounts Payable	Invoice# U363...	120.00	X		90,925.55
04/19/2024	17249	Grainger	Accounts Payable	Invoice# 90511...	373.93	X		90,551.62
04/19/2024	17250	Jeff Gommert	Accounts Payable	212 Railroad D...	102.15			90,449.47
04/19/2024	17251	Navasota Valley Elec...	Accounts Payable		4,495.62	X		85,953.85
04/19/2024	17252	Sims Plastics	Accounts Payable	Invoice# 35590...	60.42			85,893.43
04/22/2024			-split-	Deposit		X	605.31	86,498.74
04/23/2024			-split-	Deposit		X	819.40	87,318.14
04/24/2024			-split-	Deposit		X	1,060.87	88,379.01
04/24/2024	17253	Gilbert & Angela Ca...	Accounts Payable	139 Linebaugh ...	168.28			88,210.73
04/24/2024	17254	Government Payments	Accounts Payable	Invoice# 2355	89.00			88,121.73
04/25/2024			-split-	Deposit		X	392.52	88,514.25
04/26/2024			-split-	Deposit		X	408.32	88,922.57
04/29/2024			-split-	Deposit		X	323.89	89,246.46
04/30/2024			-split-	Deposit		X	160.45	89,406.91
04/30/2024			-split-	Deposit			211.50	89,618.41
04/30/2024	eft	United States Postal ...	Accounts Payable	April Water Bil...	250.69	X		89,367.72
04/30/2024	eft	State Treasurer	Accounts Payable	Sales Tax April...	885.34			88,482.38
04/30/2024	PBH043...			Due to/from General F...				88,482.38
04/30/2024	PHB41624			Water Revenue:Return...	941.45	X		87,540.93

City of Riesel - Sewer

5/10/2024 9:00 AM

Register: 1a - Unrestricted Cash:Checking 6644

From 04/01/2024 through 04/30/2024

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/01/2024			Sewer Fund Money Ma...	Deposit		X	5,000.00	8,961.87
04/05/2024	8414	Reliant Energy	Accounts Payable	Inv# 117 011 1...	312.18	X		8,649.69
04/05/2024	To Print	CP&Y Inc	Accounts Payable	Invoice# CIRI2...	5,884.51			2,765.18
04/19/2024	8415	Bio Chem Lab	Accounts Payable	Invoice# 7329-...	474.00			2,291.18
04/19/2024	8416	Metro Plumbing	Accounts Payable	Invoice# 2673	260.00			2,031.18
04/26/2024	8417	CP&Y Inc	Accounts Payable	Invoice# CIRI2...	2,332.50			-301.32

City of Riesel - General Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
Ordinary Income/Expense		
Income		
1 - General Government Income		
Franchise Fee		
Electric Companies	34.55	34.55
Gas Companies	0.00	62,819.95
Phone Companies	0.00	941.24
Total Franchise Fee	34.55	63,795.74
Interest Income		
2013 I & S	0.07	0.88
Charles Street Improvements	52.96	375.99
General Fund	0.00	82.21
General Fund III	0.00	286.78
General Money Market	1,261.65	8,948.89
Total Interest Income	1,314.68	9,694.75
Miscellaneous Income		
Inspection Permit	1,034.20	12,531.23
Plat Fee - Ordinance #2002-02	0.00	1,700.00
Restitution Pay	0.00	1,221.00
Sign Lease Agreement	0.00	9,000.00
Total Miscellaneous Income	1,034.20	24,452.23
Mixed Beverage Tax	490.98	3,617.83
Property Tax Income		
Property Tax Income - General		
2013	0.00	96.67
2014	0.00	98.63
2015	0.00	116.98
2016	0.00	106.20
2017	0.00	174.09
2018	0.00	230.07
2019	0.00	222.42
2020	0.00	208.81
2021	0.00	748.91
2022	26.90	3,458.74
2023	1,410.28	236,536.03
Total Property Tax Income - General	1,437.18	241,997.55
Property Tax Penalty Fee		
2013	0.00	125.68
2014	0.00	116.39
2015	0.00	124.00
2016	0.00	99.83
2017	0.00	141.04
2018	0.00	140.88
2019	0.00	103.16
2020	0.00	76.70
2021	0.00	232.65
2022	6.99	771.75
2023	227.89	498.96
Total Property Tax Penalty Fee	234.88	2,431.04
Total Property Tax Income	1,672.06	244,428.59
Sales Tax		
Gross Collections	7,945.10	63,092.64
Streets Allocation	1,986.28	15,773.17
Total Sales Tax	9,931.38	78,865.81
Total 1 - General Government Income	14,477.85	424,854.95
2 - Law Enforcement Income		
L.E. Income		
Open Records	0.00	30.00
L.E. Income - Other	0.00	802.60
Total L.E. Income	0.00	832.60
Total 2 - Law Enforcement Income	0.00	832.60
3 - Court Income		
Child Safety Seat Fee	0.00	1,337.22

City of Riesel - General Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
Citations		
Overpayments	-1,696.19	-4,034.97
Returned Checks	0.00	-967.00
Revenue	70,589.73	405,656.75
Total Citations	68,893.54	400,654.78
Security Fee	95.21	346.04
Technology Fee	126.95	461.41
Time Payment Fee	195.63	1,740.16
Total 3 - Court Income	69,311.33	404,539.61
IDA Tax Abatement Sandy Creek	0.00	125,000.00
Police Officer Allocation (i)	0.00	957.14
Total Income	83,789.18	956,184.30
Gross Profit	83,789.18	956,184.30
Expense		
1 - General Government		
Appraisal Expense	0.00	1,179.32
Bank and Credit Card Fees	152.35	547.91
Bond Interest Expense	0.00	1,717.59
City Hall Maintenance & Repair	0.00	2,838.74
City Retirement Contribution		
Alisha	258.36	1,957.41
Cristen	200.47	1,525.03
City Retirement Contribution - Other	0.01	-0.03
Total City Retirement Contribution	458.84	3,482.41
CPA Bookkeeping Services	8,443.00	17,218.00
Depreciation expense	0.00	50,714.14
Dues	170.00	170.00
Election Services & Supplies	0.00	772.14
Emp. Health Insurance		
Special Ins Services	80.70	484.20
TML	4,470.56	14,998.28
Emp. Health Insurance - Other	0.00	-157.12
Total Emp. Health Insurance	4,551.26	15,325.36
Engineer Fees	0.00	3,125.00
Equipment Maintenance		
Backhoe	160.00	300.00
Lawnmower	453.84	519.80
Tractor	0.00	351.66
Equipment Maintenance - Other	0.00	187.58
Total Equipment Maintenance	613.84	1,359.04
Flagpole on Square	261.75	261.75
House Inspection	1,113.62	9,853.61
Insurance - Bonds	0.00	550.00
Insurance - Property	0.00	2,333.38
Legal Fees	1,100.00	6,025.05
Miscellaneous Expense		
Employee & Council Appreciation	267.72	6,156.72
Filing Fee	-613.72	-4,220.43
Publications	6.25	102.15
Subscription	22.00	72.00
Miscellaneous Expense - Other	0.00	-212.00
Total Miscellaneous Expense	-317.75	1,898.44
Office Equip. & Maintenance		
Computer	3,652.20	8,312.67
Office Equip. & Maintenance - Other	0.00	640.97
Total Office Equip. & Maintenance	3,652.20	8,953.64
Office Supplies	599.65	10,592.37
Park Landscaping	300.00	300.00
Park Maintenance	1,325.00	1,338.24
Payroll Taxes	951.69	6,910.96

City of Riesel - General Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
Phones		
General Gov Cell Phone Alisha	41.85	205.18
Phones - Other	627.61	6,220.34
Total Phones	669.46	6,425.52
Postage	68.00	266.00
Public Health District	0.00	1,778.86
Salaries		
Alisha		
Wages	4,306.08	32,079.02
Total Alisha	4,306.08	32,079.02
Cristen		
Wages	3,341.10	24,991.30
Total Cristen	3,341.10	24,991.30
Total Salaries	7,647.18	57,070.32
Utilities		
Electric	782.97	3,132.62
Total Utilities	782.97	3,132.62
Workers Comp Insurance	0.00	4,887.22
Total 1 - General Government	32,543.06	221,027.63
2 - Law Enforcement		
Community Outreach	0.00	152.01
L.E. Auto Work		
L.E. Parts	0.00	2,562.35
L.E. Auto Work - Other	0.00	7,262.76
Total L.E. Auto Work	0.00	9,825.11
L.E. Cell Phones		
Matt	0.00	167.40
Walter	0.00	167.40
L.E. Cell Phones - Other	317.41	1,569.61
Total L.E. Cell Phones	317.41	1,904.41
L.E. City Retirement Contribute		
Darryl	201.94	1,697.42
Jared	0.00	1,520.07
Matthew	0.00	2,458.41
Patrick	69.90	69.90
Ryan	327.06	599.01
Walter	0.00	1,740.93
Total L.E. City Retirement Contribute	598.90	8,085.74
L.E. Clothing	20.00	3,683.34
L.E. Computer	100.00	13,603.00
L.E. Dispatch - Radio Services	25.00	175.00
L.E. Dog Catching	667.75	4,211.49
L.E. Emp. Health Insurance		
Special Ins Services	-598.78	-5,184.74
TML	2,379.90	16,806.12
L.E. Emp. Health Insurance - Other	0.00	-2,395.12
Total L.E. Emp. Health Insurance	1,781.12	9,226.26
L.E. Gas	1,039.34	8,350.09
L.E. Legal Fees	0.00	2,620.00
L.E. Medical	0.00	759.00
L.E. Miscellaneous	0.00	136.49
L.E. New Equipment	0.00	7,927.24
L.E. Office Equipment & Furnitu	0.00	440.00
L.E. Office Supplies	59.28	4,067.30
L.E. Operating Supplies	0.00	7,284.40
L.E. Payroll Taxes	815.08	10,188.98
L.E. Postage	0.00	39.21
L.E. Property Insurance	0.00	3,140.00

City of Riesel - General Profit & Loss YTD Comparison

April 2024

	Apr 24	Oct '23 - Apr 24
L.E. Salaries		
Darryl		
Wages	4,038.72	28,494.09
Total Darryl	4,038.72	28,494.09
Jared		
Wages	0.00	24,911.21
Total Jared	0.00	24,911.21
Matthew		
Wages	0.00	40,185.39
Total Matthew	0.00	40,185.39
Patrick		
Wages	1,165.08	1,165.08
Total Patrick	1,165.08	1,165.08
Ryan		
Wages	5,451.08	9,983.62
Total Ryan	5,451.08	9,983.62
Walter		
Wages	0.00	28,449.89
Total Walter	0.00	28,449.89
Total L.E. Salaries	10,654.88	133,189.28
L.E. Training	0.00	292.00
L.E. Vehicle Repair&Maintenance	1,064.16	5,127.79
L.E. Worker's Comp Ins	0.00	10,311.48
Total 2 - Law Enforcement	17,142.92	244,739.62
3 - Court		
Court City Retirement Contrib.		
Chelsea	208.06	1,549.24
Total Court City Retirement Contrib.	208.06	1,549.24
Court Contract Labor		
Prosecutor	2,000.00	7,000.00
Total Court Contract Labor	2,000.00	7,000.00
Court Emp. Health Insurance		
Special Ins Services	40.35	242.10
TML	1,586.60	5,553.10
Total Court Emp. Health Insurance	1,626.95	5,795.20
Court Office Supplies	0.00	1,992.15
Court Operating Supplies	0.00	3,130.00
Court Payroll Taxes	371.20	2,737.20
Court Postage	0.00	524.01
Court Salaries		
Chelsea	3,467.64	25,395.60
Judge		
Judge	1,384.62	10,384.65
Total Judge	1,384.62	10,384.65
Total Court Salaries	4,852.26	35,780.25
Court Travel/Training/Mileage		
Judge	0.00	250.00
Court Travel/Training/Mileage - Other	0.00	293.41
Total Court Travel/Training/Mileage	0.00	543.41
Omnibase	768.00	1,674.00
Security Fee Expense	49.99	321.77

City of Riesel - General Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
State Court Cost		
Quarterly Court Cost	48,978.21	162,383.87
Tertiary Care Fund (Seatbelt)	0.00	52.33
Time Payment Expense	721.57	1,656.96
Total State Court Cost	49,699.78	164,093.16
Technology Fee Expense	600.00	600.00
Total 3 - Court	60,176.24	225,740.39
4 - Streets		
Operating Supplies		
Tools	251.22	1,081.20
Operating Supplies - Other	0.00	49.98
Total Operating Supplies	251.22	1,131.18
Street Contract Labor	1,800.00	4,000.00
Street Maintenance		
Grass	500.00	1,500.00
Street & Road Signs	215.00	697.26
Trees	0.00	63.98
Weeds	0.00	177.95
Street Maintenance - Other	0.00	20,627.31
Total Street Maintenance	715.00	23,066.50
Street Repairs	0.00	33,369.00
Street Retirement Contribution		
Justin	122.18	845.35
Randy	171.39	1,308.15
Total Street Retirement Contribution	293.57	2,153.50
Street Salaries		
Jeb		
Wages	0.00	167.77
Total Jeb	0.00	167.77
Justin		
Wages	2,036.39	13,858.80
Total Justin	2,036.39	13,858.80
Randy		
Wages	2,856.53	21,435.70
Total Randy	2,856.53	21,435.70
Total Street Salaries	4,892.92	35,462.27
Utilities (Street Lights)	2,317.80	7,960.04
Total 4 - Streets	10,270.51	107,142.49
5 - Fire Department		
Exterminator	0.00	90.00
Insurance	0.00	2,560.74
Utilities	460.51	1,469.10
Total 5 - Fire Department	460.51	4,119.84
Park		
Event		
Christmas Parade	0.00	2,463.28
Total Event	0.00	2,463.28
Park - Other	0.00	124,768.87
Total Park	0.00	127,232.15
Reconciliation Discrepancies	0.00	-0.04
Total Expense	120,593.24	930,002.08
Net Ordinary Income	-36,804.06	26,182.22

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Cash Basis

City of Riesel - General
Profit & Loss YTD Comparison
April 2024

	Apr 24	Oct '23 - Apr 24
Other Income/Expense		
Other Expense		
Payroll Clearing	0.00	0.00
Total Other Expense	0.00	0.00
Net Other Income	0.00	0.00
Net Income	<u>-36,804.06</u>	<u>26,182.22</u>

City of Riesel - Water Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
Ordinary Income/Expense		
Income		
ARPA FUNDS-Arsenic Reduction	25,602.03	25,602.03
Franchise Revenue	0.00	0.00
Hydraulic Study	0.00	2,182.50
Interest Income		
Construction I & S	0.00	117.54
Dividend income	0.00	95,574.79
Water \$100,000 CD	0.00	2,433.11
Water III Reserve	0.00	708.46
Water Money Market	851.30	6,027.35
Total Interest Income	851.30	104,861.25
MS Water Supply	4,097.28	30,176.51
Series 2021 Bond Repayment	3,700.00	25,900.00
Sewer Revenue	0.00	0.00
Tie In Fees	0.00	28,000.00
Trash Revenue		
Trash Revenue - Surcharge	0.00	37.03
Trash Revenue - Other	12,505.05	85,707.86
Total Trash Revenue	12,505.05	85,744.89
Water Revenue		
Refunds	-50.00	-590.04
Returned Checks	-1,030.45	-1,488.10
Revenue	31,161.74	260,336.14
Water Revenue - Other	50.00	50.00
Total Water Revenue	30,131.29	258,308.00
Total Income	76,886.95	560,775.18
Gross Profit	76,886.95	560,775.18
Expense		
Amortization Expense	0.00	16,116.00
Arsenic Proj-Prin Forg S2021	0.00	15,068.36
Building Maintenance	0.00	0.00
City Retirement Contribution		
Justin	61.09	422.68
Randy	85.70	654.11
Total City Retirement Contribution	146.79	1,076.79
Clothing	0.00	311.73
Conservation Fee	117.39	1,082.82
Depreciation expense	0.00	118,404.00
Dues	0.00	1,125.00
Emp Health Insurance		
Special Ins Services	833.65	5,754.85
Total Emp Health Insurance	833.65	5,754.85
Engineer Fees		
Arsenic	62,985.83	62,985.83
Engineer Fees - Other	675.00	15,599.25
Total Engineer Fees	63,660.83	78,585.08
Generator	0.00	138.15
Insurance		
Property	0.00	3,858.75
Worker's Comp	0.00	2,442.16
Total Insurance	0.00	6,300.91

City of Riesel - Water
Profit & Loss YTD Comparison
April 2024

	Apr 24	Oct '23 - Apr 24
Interest		
Interest - Bond Payable	0.00	13,642.50
Total Interest	0.00	13,642.50
Lab Expense	634.00	2,803.90
Legal & Audit Fees		
Legal Fees	0.00	3,110.00
Total Legal & Audit Fees	0.00	3,110.00
Machinery RRM		
Trailer	0.00	0.00
Machinery RRM - Other	0.00	162.86
Total Machinery RRM	0.00	162.86
Miscellaneous Expense	0.00	0.00
Office Supplies		
Water Office - Office Supplies	27.99	835.48
Office Supplies - Other	0.00	629.40
Total Office Supplies	27.99	1,464.88
Operating Supplies	3,991.89	18,212.75
Payroll Taxes	187.13	1,357.41
Permit Fee	0.00	166.00
Phones & Pagers		
Cell Phones	83.56	585.68
Total Phones & Pagers	83.56	585.68
Postage	303.69	1,814.95
Regulatory Fees	0.00	1,234.85
Repairs/Replacement/Maintenance	1,500.00	1,895.00
Royalty Fee	222.72	1,253.33
Salaries		
Job		
Wages	0.00	77.10
Total Job	0.00	77.10
Justin		
Wages	1,018.20	6,929.43
Total Justin	1,018.20	6,929.43
Randy		
Wages	1,428.27	10,717.88
Total Randy	1,428.27	10,717.88
Total Salaries	2,446.47	17,724.41
Storage Tank		
Inspection	0.00	0.00
Total Storage Tank	0.00	0.00
Tools	0.00	1,206.86
Trash Expense	12,270.22	83,725.70
Travel & Training	163.75	213.75
Truck		
Parts	103.39	150.12
Truck - Other	0.00	942.46
Total Truck	103.39	1,092.58
Truck (Gas)	546.73	3,322.10

City of Riesel - Water
Profit & Loss YTD Comparison
April 2024

	Apr 24	Oct '23 - Apr 24
Utilities		
Electric		
Navasota	4,495.62	32,709.48
Electric - Other	0.00	3,163.21
Total Electric	4,495.62	35,872.69
Total Utilities	4,495.62	35,872.69
Water Line Replacement	0.00	0.00
Water Meters	0.00	3,252.50
Water Purchased		
MS	0.00	222.50
Tri County	500.00	3,000.00
Total Water Purchased	500.00	3,222.50
Well - RMS	0.00	0.00
Well Maintenance	0.00	897.10
Total Expense	92,235.82	442,197.99
Net Ordinary Income	-15,348.87	118,577.19
Other Income/Expense		
Other Expense		
Ask My Accountant	0.00	0.00
Total Other Expense	0.00	0.00
Net Other Income	0.00	0.00
Net Income	-15,348.87	118,577.19

City of Riesel - Sewer Profit & Loss YTD Comparison April 2024

	Apr 24	Oct '23 - Apr 24
Ordinary Income/Expense		
Income		
Interest Income		
1999 Fund	0.00	964.59
Repair & Replacement	0.00	111.27
Sewer Money Market	295.21	2,143.37
Total Interest Income	295.21	3,219.23
Sewer Revenue		
Revenue	10,793.70	80,933.77
Total Sewer Revenue	10,793.70	80,933.77
Tie In Fees	0.00	4,500.00
Total Income	11,088.91	88,653.00
Expense		
Bond Interest Expense	0.00	7,077.50
City Retirement Contribution		
Justin	61.09	422.68
Randy	85.70	654.09
Total City Retirement Contribution	146.79	1,076.77
CLFRF-Sewer Rehab Proj	8,217.01	93,478.40
Depreciation expense	0.00	24,542.00
Insurance		
Property	0.00	3,858.75
Worker's Comp.	0.00	2,442.16
Total Insurance	0.00	6,300.91
Irrigation Pond	0.00	227.56
Lab Expense	360.00	2,699.00
Legal Fees	0.00	200.00
Lift Station	0.00	3,478.61
Operating Supplies	0.00	1,286.24
Payroll Taxes	187.13	1,357.43
Regulatory Fees		
Permit Renewal	0.00	1,250.00
Total Regulatory Fees	0.00	1,250.00
Repairs/Replacement/Maintenance	260.00	12,364.91
Salaries		
Jeb		
Wages	0.00	83.89
Total Jeb	0.00	83.89
Justin		
Wages	1,018.20	6,929.43
Total Justin	1,018.20	6,929.43
Randy		
Wages	1,428.27	10,717.88
Total Randy	1,428.27	10,717.88
Total Salaries	2,446.47	17,731.20
Sewer Line Replacement	0.00	2,534.00
Tools	0.00	214.99

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Cash Basis

City of Riesel - Sewer
Profit & Loss YTD Comparison
April 2024

	<u>Apr 24</u>	<u>Oct '23 - Apr 24</u>
Utilities		
Electric		
Reliant	312.18	2,287.79
Electric - Other	913.72	6,640.95
Total Electric	1,225.90	8,928.74
Gas	0.00	532.25
Total Utilities	1,225.90	9,460.99
Total Expense	12,843.30	185,280.51
Net Ordinary Income	-1,754.39	-96,627.51
Net Income	<u>-1,754.39</u>	<u>-96,627.51</u>

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FOR DISCUSSION
PURPOSES ONLY

CITY OF RIESEL, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Paul J. Christensen & Associates, LLC
Certified Public Accountants
Waco, Texas

CITY OF RIESEL, TEXAS
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FOR DISCUSSION
PURPOSES ONLY

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Paul J. Christensen & Associates, L.L.C.
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FOR DISCUSSION
PURPOSES ONLY
Paul J. Christensen, L.L.C.
Gary L. Sauls, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Riesel, Texas

Report on the Audit of the financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riesel, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Riesel, Texas' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-11, the budgetary comparison information on pages 42-43, and the pension and OPEB schedules on pages 44-48, 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration of the City of Riesel, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Riesel, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Riesel, Texas' internal control over financial reporting and compliance.

May 14, 2024
Waco, Texas

CITY OF RIESEL, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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As management of the City of Riesel, Texas ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Riesel, Texas for the fiscal year ended September 30, 2023. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,875,174 (*net position*). Of this amount, \$5,909,306 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$485,009. Of this amount, \$141,291 is attributable to governmental activities and \$343,718 is attributable to business-type activities.
- Ending net position for governmental activities at September 30, 2023 was \$5,804,413 which consists of the following components: net investment in capital assets - \$590,348, restricted - \$315,079 and unrestricted - \$4,898,986. Ending net position for business-type activities at September 30, 2023 was \$6,070,761 which consists of the following components: net investment in capital assets - \$4,836,973, restricted - \$223,468 and unrestricted - \$1,010,320.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,331,159. The fund balance components are restricted - \$315,079, assigned - \$313,188 and unassigned - \$4,702,892. The City Council approves the amount reported as committed.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements (pages 13 and 14) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 15 through 22) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show details about the City's funding progress related to pension plans. Budgetary information required by state law can also be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. The two government-wide statements report the City's net position and how they have changed. Net position is

the difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, public works, and general administration. Taxes (property and sales), franchise fees and state and federal grant funds finance most of these activities. The business-type activities are those that the City provides at a charge to customers. These include the water, sewer, and sanitation services offered by the City.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the City budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year.

Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view in determining if there are more or less financial resources available to finance the City's programs.

The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. The city maintains one governmental fund, the General Fund.

Budgeting-Governmental Funds – The City adopts an annual budget for its General Fund, as required by state law. The budget is a legally adopted document that incorporates input from the citizens of the City, management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance current period activities. The budgetary schedule presented for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted.

The budgetary comparison schedule (page 42) was prepared on the *modified cash basis* of accounting, which is the method of accounting used by the City in preparing the budget. The actual results have been adjusted to the *modified cash basis* of accounting in order to give a more relevant comparison of budget to actual results. The schedule shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Information regarding the reconciliation of actual results to the *modified cash basis* can be found in the *notes to required supplementary information* found on page 49.

Proprietary Funds – the City has two proprietary (enterprise) funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer funds. These funds are the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

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Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Additionally, budgetary comparison information is found in this section. Required supplementary information can be found on pages 42 through 48 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial condition. The City’s combined net position was \$11,875,174 as of September 30, 2023. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City’s governmental and business-type activities.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 5,395,532	\$ 5,345,922	\$ 9,041,531	\$ 8,465,441	\$ 14,437,063	\$ 13,811,363
Capital assets (net)	590,348	555,787	5,688,082	5,747,911	6,278,430	6,303,698
Total assets	5,985,880	5,901,709	14,729,613	14,213,352	20,715,493	20,115,061
Deferred outflows of resources	73,770	27,943	11,146	3,480	84,916	31,423
Short-term liabilities	64,373	99,943	2,539,004	2,369,079	2,603,377	2,469,022
Long-term liabilities	162,046	127,817	6,126,640	6,115,882	6,288,686	6,243,699
Total liabilities	226,419	227,760	8,665,644	8,484,961	8,892,063	8,712,721
Deferred inflows of resources	28,818	38,770	4,354	4,828	33,172	43,598
Net position:						
Net investment in capital assets	590,348	555,787	4,836,973	4,775,911	5,427,321	5,331,698
Restricted	315,079	311,384	223,468	157,092	538,547	468,476
Unrestricted	4,898,986	4,795,951	1,010,320	794,040	5,909,306	5,589,991
Total net position	\$ 5,804,413	\$ 5,663,122	\$ 6,070,761	\$ 5,727,043	\$ 11,875,174	\$ 11,390,165

The portion of the City’s net position (\$5,427,321 or 46%) reflects its net investment in capital assets (e.g., land, buildings, equipment, and improvements) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (\$538,547, or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,909,306, or 49%) may be used to meet the government’s ongoing obligations to citizens and creditors.

**Table 2
Changes in Net Position**

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 693,352	\$ 895,894	\$ 1,589,246	\$ 897,578	\$ 703,860	\$ 1,601,438
General revenues:						
Property taxes	249,141	-	249,141	222,707	-	222,707
Sales taxes	179,891	-	179,891	132,151	-	132,151
Franchise taxes	60,279	-	60,279	56,982	-	56,982
Payment in lieu of taxes	125,000	-	125,000	125,000	-	125,000
Contributions and grants	-	-	-	128,985	4,020	133,005
Other revenue	20,012	232,603	252,615	3,926	87,616	91,542
Total revenues	1,327,675	1,128,497	2,456,172	1,567,329	795,496	2,362,825
Expenses:						
Administration	345,170	-	345,170	295,959	-	295,959
Public safety	347,952	-	347,952	247,063	-	247,063
Municipal court	303,085	-	303,085	381,355	-	381,355
Public works	190,177	-	190,177	180,934	-	180,934
Interest	-	-	-	-	25,463	25,463
Water and sewer	-	784,779	784,779	-	742,913	742,913
Total expenses	1,186,384	784,779	1,971,163	1,105,311	768,376	1,873,687
Increase in net position	141,291	343,718	485,009	462,018	27,120	489,138
Capital contribution	-	-	-	-	152,229	152,229
Net position, beginning of year	5,663,122	5,727,043	11,390,165	5,201,104	5,547,694	10,748,798
Net position, end of year	\$ 5,804,413	\$ 6,070,761	\$ 11,875,174	\$ 5,663,122	\$ 5,727,043	\$ 11,390,165

Governmental activities

Governmental activities increased the City's net position by \$141,291 accounting for the majority of the total growth in the government's net position. The key elements of this increase are discussed below.

The City's total revenues of its governmental activities decreased from \$1,567,329 to \$1,327,675, a decrease of \$239,654. Property tax revenues increased by approximately \$26,000 as a result of an increase in appraised property values. Sales tax revenues increased by approximately \$48,000 as well. Additionally, charges for services decreased by approximately \$204,000 due to decreased municipal court fines and fees.

Total expenses of the City's governmental activities increased from \$1,105,311 to \$1,186,384, an increase of \$81,073. Administration expenses increased by approximately \$49,000. Public safety expenses increased by approximately \$100,000. Additionally, Municipal court expenses decreased by approximately \$78,000 primarily due to an decrease in court fees.

Business-type activities

Business-type activities increased the City's net position by \$343,718 during fiscal year 2023. The key elements of this increase are discussed below.

The City's total revenues of its business-type activities increased from \$795,496 to \$1,128,497, an increase of \$333,001. Charges for services were higher by approximately \$192,000 due to increased water sales and an increase of interest income of approximately \$229,000.

Total expenses of the City's business-type activities slightly increased from \$768,376 to \$784,779, a decrease of \$16,403.

General Fund Budget Analysis

The City prepares its budget on the *modified cash basis* of accounting, which is a method of accounting other than that prescribed by generally accepted accounting principles (GAAP). In order to present a more accurate comparison of budget to actual results, the actual results from the operation of the general fund have been adjusted to the *modified cash basis* of accounting.

For the fiscal year ended September 30, 2023, the City's revenue and other financing sources exceeded expenditures and other financing uses by \$85,181; revenues and other financing sources were \$308,353 less than budget; expenditures and other financing uses were \$393,534 less than budget.

Significant budget variances are as follows:

Revenues:

General Sales and Use Taxes	\$30,088 <i>positive variance</i>
Fines	\$114,568 <i>negative variance</i>
Payment in lieu of taxes	\$125,000 <i>positive variance</i>

Expenditures:

Administration	\$42,276 <i>positive variance</i>
Judicial	\$42,920 <i>negative variance</i>
Public Works	\$70,868 <i>positive variance</i>
Capital Outlay	\$206,961 <i>positive variance</i>

Capital Assets

As of September 30, 2023, the City had \$6,278,430 invested in a broad range of capital assets including buildings, roads, bridges, park facilities, vehicles and water and sewer lines (Table 3). This amount represents a net decrease of \$25,268 from the prior fiscal year. Additional information on the City's capital assets can be found in Note 3(D) of the Basic Financial Statements.

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**Table 3
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 90,881	\$ 24,604	\$ 125,247	\$ 125,247	\$ 216,128	\$ 149,851
Construction in progress	-	-	229,287	127,776	229,287	127,776
Buildings and improvements	147,891	137,890	40,927	40,926	188,818	178,816
Machinery and equipment	184,171	134,910	606,218	592,286	790,389	727,196
Vehicles	198,941	198,941	-	-	198,941	198,941
Infrastructure	752,358	752,358	-	-	752,358	752,358
Water and sewer system	-	-	5,103,089	4,958,461	5,103,089	4,958,461
RMS water system	-	-	2,559,712	2,559,712	2,559,712	2,559,712
Total at historical cost	1,374,242	1,248,703	8,664,480	8,404,408	10,038,722	9,653,111
Accumulated depreciation	(783,894)	(692,916)	(2,976,398)	(2,656,499)	(3,760,292)	(3,349,415)
Net capital assets	\$ 590,348	\$ 555,787	\$ 5,688,082	\$ 5,747,909	\$ 6,278,430	\$ 6,303,696

Major capital asset transactions during the year include the following additions:

Governmental Activities

- Land – \$66,277

Business-type Activities

- Construction in Progress – \$229,287
- Water – \$151,084

Debt

As of September 30, 2023, the City had total long-term liabilities outstanding of \$6,116,199, representing bonds and loans secured by system revenues (i.e. revenue bonds and loans) and tax revenues. Long-term debt is as follows:

**Table 4
Outstanding Debt at Fiscal Year-end**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenue Bonds	\$ -	\$ -	\$ 516,000	\$ 527,000	\$ 516,000	\$ 527,000
Certificates of obligation	-	-	5,588,000	5,805,000	5,588,000	5,805,000
Notes payable	12,199	24,379	-	-	12,199	24,379
	\$ 12,199	\$ 24,379	\$6,104,000	\$6,332,000	\$6,116,199	\$6,356,379

Economic Factors

The City's population, per the 2020 census, was 1,062, and its population does not vary significantly from year to year. Without including contributions and grant revenues, which are unrelated to the City population, the total revenues for fiscal year 2023 decreased by 6% (approximately \$147,000). It is anticipated that this trend (modest annual decreases) will not continue for fiscal year 2024. If the city does not incur any unforeseen expenditures or reductions in revenue, the task of providing improved services with available resources will be accomplished.

Requests for Information

This report is designed to provide an overview of the City of Riesel, Texas' finances for those with an interest therein. Questions concerning any of the information found in this report or requests for additional information should be directed to the City's business office at: City of Riesel, 104 Hwy 6 North, Riesel, Texas 76682.

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BASIC FINANCIAL STATEMENTS

CITY OF RIESEL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

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	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,317,341	\$ 2,963,715	\$ 6,281,056
Investments	66,764	252,974	319,738
Accounts Receivable	48,495	110,918	159,413
Due from Other Funds	1,962,932	-	1,962,932
Restricted Cash: TWDB Escrowed Funds	-	5,713,924	5,713,924
Capital Assets, Net of Accumulated Depreciation	590,348	5,688,082	6,278,430
Total Assets	5,985,880	14,729,613	20,715,493
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to TMRS	72,672	10,980	83,652
Deferred Outflows Related to TMRS OPEB	1,098	166	1,264
Total Deferred Outflows of Resources	73,770	11,146	84,916
LIABILITIES			
Accounts Payable	52,124	77,301	129,425
Compensated Absences	11,679	-	11,679
Other Payroll Related Liabilities	570	-	570
Customer Deposits	-	102,203	102,203
Due to Other Funds	-	1,962,932	1,962,932
Unearned Revenue - TWDB Loan Forgiveness Grant	-	389,980	389,980
Interest Payable	-	6,588	6,588
Noncurrent Liabilities			
Bonds & Other Debt-Due Within One Year	-	229,000	229,000
Bonds and Other Debt-Due in More Than One Year	12,199	5,875,000	5,887,199
Net Pension Liability Related to TMRS	132,184	19,971	152,155
Net OPEB Liability Related to TMRS	17,663	2,669	20,332
Total Liabilities	226,419	8,665,644	8,892,063
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to TMRS	24,624	3,720	28,344
Deferred Inflows Related to TMRS OPEB	4,194	634	4,828
Total Deferred Inflows of Resources	28,818	4,354	33,172
NET POSITION			
Net Investment in Capital Assets	590,348	4,836,973	5,427,321
Restricted for:			
Debt Service	194	223,468	223,662
Public Safety	4,335	-	4,335
Judicial	310,550	-	310,550
Unrestricted Net Position	4,898,986	1,010,320	5,909,306
Total Net Position	\$ 5,804,413	\$ 6,070,761	\$11,875,174

The accompanying notes are an integral part of these financial statements.

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

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	Expenses	Program Revenues		Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
GOVERNMENTAL ACTIVITIES						
Administration	\$ 345,170	\$ 27,920	\$ -	\$ (317,250)	\$ -	\$ (317,250)
Court	303,085	-	-	(303,085)	-	(303,085)
Public Safety	347,952	665,432	-	317,480	-	317,480
Public Works	190,177	-	-	(190,177)	-	(190,177)
Total Governmental Activities	1,186,384	693,352	-	(493,032)	-	(493,032)
BUSINESS-TYPE ACTIVITIES						
Sewer Fund	165,672	145,801	-	-	(19,871)	(19,871)
Water Fund	619,107	750,093	-	-	130,986	130,986
Total Business-Type Activities	784,779	895,894	-	-	111,115	111,115
TOTAL PRIMARY GOVERNMENT	\$ 1,971,163	\$ 1,589,246	\$ -			
General Revenues:						
Property Taxes				249,141	-	249,141
Sales Taxes				179,891	-	179,891
Franchise and Other Taxes				60,279	-	60,279
Investment Earnings				10,834	232,603	243,437
Miscellaneous Revenue				9,178	-	9,178
Payment in Lieu of Taxes				125,000	-	125,000
Total General Revenues and Transfers				634,323	232,603	866,926
Change in Net Position				141,291	343,718	485,009
Capital Contribution						
Net Position-October 1 (Beginning)				5,661,122	5,727,043	11,390,165
Net Position-September 30 (Ending)				\$ 5,804,413	\$ 6,070,761	\$ 11,875,174

The accompanying notes are an integral part of these financial statements.

CITY OF RIESEL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

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PURPOSES ONLY

	General Fund	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,317,341	\$ 3,317,341
Investments	66,764	66,764
Accounts Receivable	48,495	48,495
Due from Other Funds	1,962,932	1,962,932
Total Assets	5,395,532	5,395,532
LIABILITIES		
Accounts Payable	52,124	52,124
Compensated absences	11,679	11,679
Payroll Taxes and Other Withholdings	570	570
Total Liabilities	64,373	64,373
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	-	-
Total Deferred Inflow of Resources	-	-
FUND BALANCES		
Restricted Fund Balances:		
Debt Service	194	194
Public Safety	4,335	4,335
Judicial	310,550	310,550
Assigned Fund Balance	313,188	313,188
Unassigned Fund Balance	4,702,892	4,702,892
Total Fund Balances	5,331,159	5,331,159
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,395,532	\$ 5,395,532

The accompanying notes are an integral part of these financial statements.

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

DRAFT
FOR DISCUSSION
PURPOSES ONLY

Total Fund Balances - Governmental Funds \$ 5,331,159

Capital assets used in governmental activities are not financial resources, therefore are not reported in the governmental funds balance sheet. These assets consist of:

Land	\$	90,881	
Buildings and Improvements		147,891	
Machinery and Equipment		184,171	
Vehicles		198,941	
Infrastructure		752,358	
Accumulated Depreciation		(783,894)	
Net Capital Assets		590,348	590,348

Assets, deferred outflows, liabilities and deferred inflows related to pensions and other post-employment benefits are not reported in the governmental funds. These consist of:

Bonds and Other Debt-Due in More Than One Year		(12,199)	
Deferred Outflows of Resources Related to TMRS		72,672	
Deferred Outflows of Resources Related to TMRS OPEB		1,098	
Net Pension Liability Related to TMRS		(132,184)	
Net OPEB Liability Related to TMRS		(17,663)	
Deferred Inflows of Resources Related to TMRS		(24,624)	
Deferred Inflows of Resources Related to TMRS OPEB		(4,194)	(117,094)

Net Position of Governmental Activities \$ 5,804,413

The accompanying notes are an integral part of these financial statements.

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

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	General Fund	Total Governmental Funds
REVENUES:		
Taxes:		
Property Taxes	\$ 249,141	\$ 249,141
General Sales and Use Taxes	167,711	167,711
Franchise and Other Tax	60,279	60,279
Payment in Lieu of Taxes	125,000	125,000
Charges for Services	27,920	27,920
Fines	665,432	665,432
Investment Earnings	10,834	10,834
Other Revenue	9,178	9,178
Total Revenues	1,315,495	1,315,495
EXPENDITURES:		
Current:		
General Government:		
Administration	256,359	256,359
Judicial	304,029	304,029
Public Safety	352,925	352,925
Public Works	191,462	191,462
Capital Outlay:		
Capital Outlay	125,539	125,539
Total Expenditures	1,230,314	1,230,314
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,181	85,181
 Net Change in Fund Balances	 85,181	 85,181
 Fund Balance - October 1 (Beginning)	 5,245,978	 5,245,978
Fund Balance - September 30 (Ending)	\$ 5,331,159	\$ 5,331,159

The accompanying notes are an integral part of these financial statements.

CITY OF RIESEL, 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, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY
 \$ 85,181

Total Net Change in Fund Balances - Governmental Funds

Amounts reported for governmental activities in the statement of activities differ as the result of the following:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	125,539
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The issuance of long-term debt (i.e., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	12,180
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Depreciation expense on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(90,978)
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GASB 68 required that certain pension plan expenditures be de-expended as recorded as deferred resource outflows. Similarly, GASB 75 required that certain other post-employment benefits be de-expended and recorded as deferred resource outflows. The net effect of for both GASB 68 and GASB 75 related pension and OPEB expenses is an increase (decrease) in the change in net position.	9,369
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Change in Net Position of Governmental Activities

\$ 141,291

The accompanying notes are an integral part of these financial statements.

CITY OF RIESEL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	Sewer Fund	Water Fund	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 784,474	\$ 2,179,241	\$ 2,963,715
Restricted Cash and Cash Equivalents	83,475	169,499	252,974
Accounts Receivable	11,910	99,008	110,918
Restricted Cash - TWDB Escrowed Funds	-	5,713,924	5,713,924
Total Current Assets	879,859	8,161,672	9,041,531
Noncurrent Assets:			
Restricted Assets-Noncurrent	-	-	-
Cash and Cash Equivalents	-	-	-
Capital Assets:			
Land	103,694	21,553	125,247
Buildings	27,115	13,812	40,927
Machinery and Equipment	269,016	337,202	606,218
Infrastructure	782,116	6,880,685	7,662,801
Construction-in-Progress	229,287	-	229,287
Accumulated Depreciation-Capital Assets	(761,878)	(2,214,520)	(2,976,398)
Total Noncurrent Assets	649,350	5,038,732	5,688,082
Total Assets	1,529,209	13,200,404	14,729,613
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to TMRS	5,490	5,490	10,980
Deferred Outflows Related to TMRS OPEB	83	83	166
Total Deferred Outflows of Resources	5,573	5,573	11,146
LIABILITIES			
Current Liabilities			
Accounts Payable	55,751	21,550	77,301
Wages and Salaries Payable	-	-	-
Customer Deposits	34,068	68,135	102,203
Due to Water/Sewer Fund	1,022,559	940,373	1,962,932
Unearned Revenue - TWDB Loan Forgiveness Grant	-	389,980	389,980
Interest Payable	4,384	2,204	6,588
Bonds Payable-Current	23,000	206,000	229,000
Total Current Liabilities	1,139,762	1,628,242	2,768,004
Noncurrent Liabilities			
Bonds Payable-Noncurrent	332,500	552,500	885,000
TWDB Loan	-	4,990,000	4,990,000
Net Pension Liability Related to TMRS	10,103	9,868	19,971
Net OPEB Liability Related to TMRS	1,346	1,323	2,669
Total Noncurrent Liabilities	343,949	5,553,691	5,897,640
Total Liabilities	1,483,711	7,181,933	8,665,644
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to TMRS	1,860	1,860	3,720
Deferred Inflows Related to TMRS OPEB	317	317	634
Total Deferred Inflows of Resources	2,177	2,177	4,354
NET POSITION			
Net Investment in Capital Assets	293,850	4,543,123	4,836,973
Restricted for Debt Service	77,472	145,996	223,468
Unrestricted Net Position	(322,428)	1,332,748	1,010,320
Total Net Position	\$ 48,894	\$ 6,021,867	\$ 6,070,761

The accompanying notes are an integral part of these financial statements.

CITY OF RIESEL, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	Sewer Fund	Water Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Water Services	\$ -	\$ 478,061	\$ 478,061
Charges for Sewerage Services	141,301	-	141,301
Charges for Sanitation Services	-	132,875	132,875
Charges for Other Services	-	12,000	12,000
Other Revenue	4,500	127,157	131,657
Total Revenues	145,801	750,093	895,894
OPERATING EXPENSES:			
Personnel Services-Salaries, Wages and Taxes	31,654	31,675	63,329
Personnel Services-Employee Benefits	3,028	8,346	11,374
Purchased Professional and Technical Services	-	17,367	17,367
Sanitation Expense	-	132,309	132,309
Water Purchased	-	8,271	8,271
Insurance	5,818	5,214	11,032
Utilities	10,717	67,676	78,393
Other Operating Expenses	1,137	13,668	14,805
Repairs and Maintenance	39,764	20,417	60,181
Supplies	4,488	23,305	27,793
Depreciation	50,369	269,530	319,899
Total Operating Expenses	146,975	597,778	744,753
Operating Income (Loss)	(1,174)	152,315	151,141
NON-OPERATING REVENUES AND (EXPENSES):			
Investment Earnings	3,025	229,578	232,603
Grant Income	-	-	-
Interest Expense	(18,697)	(21,329)	(40,026)
Total Non-Operating Revenue (Expenses)	(15,672)	208,249	192,577
Income Before Contributions and Transfers	(16,846)	360,564	343,718
Capital Contributions	-	-	-
Change in Net Position	(16,846)	360,564	343,718
NET POSITION			
Net Position - October 1 (Beginning)	65,740	5,661,303	5,727,043
Net Position - September 30 (Ending)	\$ 48,894	\$ 6,021,867	\$ 6,070,761

The accompanying notes are an integral part of these financial statements.

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

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	Business-type Activities		
	Sewer Fund	Water Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 145,536	\$ 738,008	\$ 883,544
Cash Received from Investments	3,025	229,578	232,603
Cash Payments to Employees for Services	(34,018)	(39,698)	(73,716)
Cash Payments for Suppliers	(62,882)	(285,752)	(348,634)
Cash paid for interest on bonds and notes payable	(16,743)	(23,528)	(40,271)
Net Cash Provided by Operating Activities	34,918	618,608	653,526
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase in due to other funds	221,554	127,441	348,995
Net Cash Provided by Non-Capital Financing Activities	221,554	127,441	348,995
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Acquisition of Capital Assets	(187,473)	(23,308)	(210,781)
Net Cash Used by Capital & Related Financing Activities	(187,473)	(23,308)	(210,781)
<u>Cash Flows from Investing Activities:</u>			
Principal payments/retirements of Long-term Debt	(22,000)	(206,000)	(228,000)
Net Cash Used by Investing Activities	(22,000)	(206,000)	(228,000)
Net Increase in Cash and Cash Equivalents	46,999	516,741	563,740
Cash and Cash Equivalents at Beginning of the Year	820,950	7,545,923	8,366,873
Cash and Cash Equivalents at End of the Year	\$ 867,949	\$ 8,062,664	\$ 8,930,613
<u>Reconciliation of Total Cash and Cash Equivalents to the Statement of Net Position:</u>			
Unrestricted Cash and Cash Equivalents	\$ 784,474	\$ 2,179,241	\$ 2,963,715
Restricted Cash and Cash Equivalents	83,475	5,883,423	5,966,898
Total Cash and Cash Equivalents	\$ 867,949	\$ 8,062,664	\$ 8,930,613

The accompanying notes are an integral part of these financial statements.

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

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

	Business-type Activities		
	Sewer Fund	Water Fund	Total Enterprise Funds
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:			
Change in Net Position	\$ (16,846)	\$ 360,564	\$ 343,718
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:			
Depreciation	50,369	269,530	319,899
Changes in Assets and Liabilities:			
Increase (Decrease) in Assets:			
Accounts Receivable	(265)	(12,085)	(12,350)
Deferred Outflows	(3,833)	(3,833)	(7,666)
Increase (Decrease) in Liabilities:			
Accounts Payable	(1,442)	971	(471)
Wages and Salaries Payable	(145)	(486)	(631)
Customer Deposits	484	1,504	1,988
Unearned Revenue	-	-	-
Interest Payable	1,954	(2,199)	(245)
Net Pension Liability	5,127	5,128	10,255
Net OPEB Liability	(248)	(249)	(497)
Deferred Inflows	(237)	(237)	(474)
Total Changes in Assets and Liabilities	1,395	(11,486)	(10,091)
Net Cash Provided by Operating Activities	<u>\$ 34,918</u>	<u>\$ 618,608</u>	<u>\$ 653,526</u>

The accompanying notes are an integral part of these financial statements.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Riesel, Texas (the "City") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is a general law city in McLennan County, Texas which operates under an elected mayor and a five-member council and provides services such as public safety, street maintenance, water and sanitation, public improvements, planning and zoning, judicial, general administrative and other services as are authorized by its code of ordinances and its citizens. The City was incorporated in November 1973. The Council consists of five members and the Mayor, each of which are elected for two-year terms.

As required by GAAP, these financial statements present the City and any component units, entities for which the City is considered to be financially accountable, as set forth in GASB Statement No. 61. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on these criteria, the financial information of the following entities has been blended within the financial statements: Riesel Education Facilities Corporation (REFC), Riesel Cultural Facilities Corporation (RCFC), and Riesel Health Facilities Development Corporation (RHFCC).

Blended Component Units

REFC is a Texas non-profit corporation created to provide financing to organizations constructing educational related projects. The bonds issued do not constitute a debt or a pledge of faith or credit by REFC or the City but are payable by the user pursuant terms in the loan agreement. The City Council must approve any potential debt. There was no activity to report for the year ended September 30, 2023.

RCFC is a Texas non-profit corporation created to provide financing to organizations developing cultural facilities. The bonds issued do not constitute a debt or a pledge of faith or credit by RCFC or the City but are payable by the user pursuant terms in the loan agreement. The City Council must approve any potential debt. There was no activity to report for the year ended September 30, 2023.

RHFDC is a Texas non-profit corporation created to provide financing to organizations developing health facilities. The bonds issued do not constitute a debt or a pledge of faith or credit by RHFDC or the City but are payable by the user pursuant terms in the loan agreement. The City Council must approve any potential debt. There was no activity to report for the year ended September 30, 2023.

B. Basis of Presentation

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

The general fund is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The water fund is used to account for the water distribution system and solid waste collections, and the sewer fund accounts for the service operations of the sewage treatment plant, sewage stations and collection systems. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 internal balances in the business-type activities column. Exceptions to this general rule are payments, where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. 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 refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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.

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

Property, franchise, and sales taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

Cash and cash equivalents for purposes of reporting cash flows of proprietary funds are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Obligations of Governmental Entities, Certificates of Deposit, Repurchase Agreements, Commercial Paper, Mutual Funds, and Investment Pools.

The City has elected to limit investments to Certificates of Deposit.

Accounts Receivables

In the general and proprietary funds, the City records certain revenues billed to other governmental agencies, residents, and others on a monthly basis. Receivables in the governmental funds include property tax, sales tax, franchise fees and fines. Receivables in the proprietary fund include amounts from customers for water, sewer, and sanitation services. All receivables are current and due within one year. Activities between funds that are outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Capital Assets

Capital Assets, which include land, building and improvements, machinery and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and water and sewer facilities are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets (those dedicated to the City) are recorded at acquisition value or the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 20
Machinery and equipment	5 - 30
Water and sewer system	15 - 30
Infrastructure	15 - 30

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows/inflows of resources. These separate financial statement elements, deferred outflows/inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources until then.

The City's deferred outflows/inflows of resources at September 30, 2023 are related to recognition of pension and other post-employment benefits (OPEB) assets/liabilities as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the government-wide financial statements and in the fund financial statements for the proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred amounts on refunding. Bond issuance costs, with the exception of bond insurance, are expensed in the period incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Other Post-Employment Benefits

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

Net Position Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed by creditors, grantors, laws or regulations of other governments. Sometimes the City 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 be reported 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 City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Policies and Flow Assumptions

Governmental fund's fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balance represents the residual amount for the general fund that is not contained in other classifications.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Property Taxes

The City is limited to a maximum tax rate for all purposes of \$1.50 per \$100 assessed valuation. This maximum tax rate is imposed by the Constitution of the State of Texas. Within this \$1.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service. All taxes due the City on real or personal property are collected by the McLennan County Tax Assessor-Collector and may be paid at any time after the tax rolls have been completed and approved, which is not later than October 1.

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 31. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Delinquent property taxes estimated to be collected within the next fiscal year are recognized as revenues in the government wide financial statements. At the fund level, delinquent property taxes estimated to be collected in time to be a resource and therefore subject to accrual, have been recognized as revenue with the remaining balance recorded as deferred inflows of resources.

Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. Operating expenses for water and sewer 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 non-operating revenues and expenses.

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NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted by the City Council prior to the beginning of the year on a modified cash basis (which differs from generally accepted accounting principles) for the general fund and proprietary funds. The budget is proposed to the City Council and includes expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data from the preceding year. Public hearings are held for taxpayer comments. The City Council votes to legally adopt the budget but can authorize supplemental changes during the year.

Adjustments necessary to convert the results of operations (which are on the GAAP basis) to the modified cash basis are made for purposes of budgetary comparison.

The appropriated budget is used in this report. Appropriations lapse at the end of the year unless carried forward by Council action. No encumbrances are recognized or recorded. The operating budget includes proposed expenditures for the General Fund.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As of September 30, 2023, the City had the following investments which are included in cash and cash equivalents:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Input Level</u>
Certificates of Deposit	\$ 303,331	1
	<u>\$ 303,331</u>	

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds.

The City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are observable inputs; and Level 3 inputs are unobservable inputs.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value by structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operation, investing operating funds primarily in shorter-term securities, money market mutual funds or government investment pools, and diversifying maturities over time. It is the City's policy not to invest in securities maturing more than three years from the date of purchase. Money market mutual funds must have a dollar weighted average stated maturity of 180 days or less. Finally, the composite portfolio must maintain a weighted average maturity of 365 days.

Credit Risk

For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. Texas Government Code Chapter 2256, Public Funds Investment Act, restricts the types of investments in which the City may invest. The City's investment policy addresses credit quality by further restricting authorized investments to the following:

- Limit investments to the safest types of securities;
- Limit Certificates of Deposit that are insured by the Federal Deposit Insurance Corporation (FDIC);
- Limit investments to obligations issued, guaranteed, insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities;
- Pre-qualify the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business;
- Diversify the investment portfolio so that potential losses on individual securities were minimized.

A. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

For an investment, custodial credit risk is the risk that in the event of the failure of the counter-party, the City would not be able to recover the value of its investment or collateralized securities that are in the possession of an outside third party. The City's investment policy requires that investments be held by a third-party custodian bank. All investments were held by the City's third-party custodian bank in the City's name.

Escrow Accounts

The City has an agreement with the Texas Water Development Board (TWDB) to provide financial assistance to the City through the Drinking Water State Revolving Fund for the purpose of making improvements to the City's water system. In 2021 the City received proceeds from the certificates of obligation along with funds as part of a loan forgiveness program to be held in escrow accounts pending approval by the TWDB for final disbursement. The TWDB has agreed to purchase the 2021 Series certificates as well as loan forgiveness totaling \$5,860,000. A summary of the escrow balances at September 31, 2023 were:

Unspent proceeds 2021 certificates of obligation	\$ 5,306,565
Unspent proceeds 2021 TWDB loan forgiveness	<u>407,359</u>
Total	<u>\$ 5,713,924</u>

B. RECEIVABLES

Receivables at September 30, 2023 were:

	General	Water	Sewer	Total Receivables
Property taxes	\$ 12,502	\$ -	\$ -	\$ 12,502
Sales taxes	26,993	-	-	26,993
Accounts Receivable	9,000	99,008	11,910	119,918
	<u>\$ 48,495</u>	<u>\$ 99,008</u>	<u>\$ 11,910</u>	<u>\$ 159,413</u>

C. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances are utilized to account for payments made by one fund on behalf of another fund or deposits received by one fund on behalf of another fund. At September 30, 2023, the balances were as follows.

Funds	Due To	Due From
General	\$1,962,932	\$ -
Sewer	-	1,030,592
Water	-	932,340
Total	<u>\$1,962,932</u>	<u>\$1,962,932</u>

Interfund balances consist of lending/borrowing arrangements that result from expenditures that are paid by one fund and then charged back to the appropriate fund. Some lending/borrowing may occur between two or more funds.

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D. CAPITAL ASSETS

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

	Balance October 1, 2022	Additions	Retirements/ Reclassifications	Balance September 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 24,604	\$ 66,277	\$ -	\$ 90,881
Total capital assets, not being depreciated:	24,604	66,277	-	90,881
Capital assets, being depreciated:				
Buildings and Improvements	137,890	10,001	-	147,891
Machinery and Equipment	134,910	49,261	-	184,171
Vehicles	198,941	-	-	198,941
Infrastructure	752,358	-	-	752,358
Total capital assets, being depreciated:	1,224,099	59,262	-	1,283,361
Less accumulated depreciation	(692,916)	(90,978)	-	(783,894)
Total capital assets being depreciated, net	531,183	(31,716)	-	499,467
Governmental Activities capital assets, net	\$ 555,787	\$ 34,561	\$ -	\$ 590,348
	Balance October 1, 2022	Additions	Retirements/ Reclassifications	Balance September 30, 2023
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 125,247	\$ -	\$ -	\$ 125,247
Construction in Progress	127,776	101,511	-	229,287
Total capital assets, not being depreciated:	253,023	101,511	-	354,534
Capital assets, being depreciated:				
Buildings and Improvements	40,927	-	-	40,927
Water and Sewer System	4,958,462	144,627	-	5,103,089
RMS Water System	2,559,712	-	-	2,559,712
Machinery and Equipment	592,286	13,932	-	606,218
Total capital assets, being depreciated:	8,151,387	158,559	-	8,309,946
Less accumulated depreciation	(2,656,499)	(319,899)	-	(2,976,398)
Total capital assets being depreciated, net	5,494,888	(161,340)	-	5,333,548
Business-type Activities capital assets, net	\$ 5,747,911	\$ (59,829)	\$ -	\$ 5,688,082

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D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs for the fiscal year 2023 as follows:

Department/Function	Amount
Governmental Activities:	
Administration	\$ 32,863
Public safety	26,384
Public works	31,731
Total Governmental Activities	\$ 90,978
Business-type Activities:	
Sewer Fund	\$ 50,369
Water Fund	269,530
Total Business-type Activities	\$ 319,899

E. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

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

	Amounts			Amounts Outstanding 9/30/23	Due Within One Year
	Outstanding 10/1/22	Additions	Retirements		
Governmental Activities					
Texas Comptroller of Public Accounts	\$ 24,379	\$ -	\$ 12,180	\$ 12,199	\$ -
Net Pension Liability	78,020	54,164	-	132,184	-
OPEB Liability	25,418	-	7,755	17,663	-
Total Governmental Activities	127,817	54,164	19,935	162,046	-
Business-type Activities					
Revenue Bond Series 2009	527,000	-	11,000	516,000	11,000
Certificates of Obligation - Series 1999	310,000	-	12,000	298,000	13,000
Certificates of Obligation - Series 2013	135,000	-	20,000	115,000	20,000
Certificates of Obligation - Series 2021	5,360,000	-	185,000	5,175,000	185,000
Net Pension Liability	9,716	10,255	-	19,971	-
OPEB Liability	3,166	-	497	2,669	-
Total Business-type Activities	6,344,882	10,255	228,497	6,126,640	229,000
Total Primary Government	\$ 6,472,699	\$ 64,419	\$ 248,432	\$ 6,288,686	\$ 229,000

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E. LONG-TERM LIABILITIES (continued)

Bonds Payable

Bond indebtedness of the City is reflected in the following schedule.

A summary of changes in bonds payable for the year September 30, 2023, is as follows:

	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding			Amounts Outstanding 9/30/23
			10/1/22	Additions	Retirements	
Business-type Activities						
Revenue Bond Series 2009	4.125%	637,000	\$ 527,000	\$ -	\$ 11,000	\$ 516,000
Certificates of Obligation - Series 1999	4.75%	478,000	310,000	-	12,000	298,000
Certificates of Obligation - Series 2013	2.99%	300,000	135,000	-	20,000	115,000
Certificates of Obligation - Series 2021	0.00%	5,360,000	5,360,000	-	185,000	5,175,000
			<u>\$ 6,332,000</u>	<u>\$ -</u>	<u>\$ 228,000</u>	<u>\$ 6,104,000</u>

Debt service requirements for bonds payable are as follows:

Year Ended September 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2024	\$ 229,000	\$ 38,879	\$ 267,879
2025	230,000	37,209	267,209
2026	236,000	35,499	271,499
2027	238,000	33,591	271,591
2028	238,000	31,595	269,595
2029-2033	1,091,000	133,855	1,224,855
2034-2038	1,130,000	93,538	1,223,538
2039-2043	1,066,000	51,148	1,117,148
2044-2048	1,065,000	24,131	1,089,131
2049-2051	581,000	1,279	582,279
	<u>\$ 6,104,000</u>	<u>\$ 480,724</u>	<u>\$ 6,584,724</u>

The City's bond indentures contain restrictions concerning accounting records, interest and sinking funds, and reserve funds. The City had \$62,482 at September 30, 2023, in interest and sinking accounts. Additionally, the City makes deposits, as required to such accounts, in order to have adequate funds available as debt matures.

The various debt instruments contain certain limitations and restrictions, with which the City was compliant.

The 2009 Revenue Bond Series was for the original amount of \$637,000 for a water system. The payments are due in annual installments of \$7,000 to \$31,000 through 2049 with an annual interest rate of 4.125%.

The Certificate of Obligation Bonds, Series 1999 was for the original amount of \$478,000 sewer system. The payments are due in annual installments of \$2,000 to \$66,000 through 2039 with an annual interest rate of 4.75%.

The \$300,000 Certificate of Obligation Bonds, Series 2013 was for the water and sewer system. The payments are due in annual installments of \$15,000 to \$28,000 through 2028 with an annual interest rate of 2.990%.

The Certificate of Obligation Bonds, Series 2021 in the amount of \$5,360,000 was for the construction of improvements to the City's water system. The payments are due in annual installments of \$185,000 through 2051 with an interest rate of 0.00%. The sale of the bonds was made by private placement with Texas Water Development board (TWDB). The payments are secured by ad valorem taxes and a lien on surplus utility revenues and are recorded in the water fund.

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F. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to quarterly payment of premiums. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The City also provides workers compensation insurance on its employees through TML. Workers compensation is subject to change when audited by TML. At year end September 30, 2023, the City believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

G. RESTRICTED ASSETS

Restrictions on cash and cash equivalents and certificates of deposits at September 30, 2023 are as follows:

	Governmental Activities	Business-type Activities	Total
TWBD Escrow	\$ -	\$ 5,713,924	\$ 5,713,924
Debt Service	194	223,468	223,662
Municipal Court	310,550	-	310,550
Public Safety	4,435	-	4,435
	\$ 315,179	\$ 5,937,392	\$ 6,252,571

H. CONTINGENT LIABILITIES AND COMMITMENTS

Water Purchase Commitment

In December 2008, the City purchased land to procure a site for a water well. The City is required to pay a royalty to the seller for the water produced at a rate of \$0.15 per thousand gallons. This royalty payment is due monthly as long as the City produces water from the property. During the year ended September 30, 2023, the City paid \$2,138 in royalties.

Tax Abatement

The City enters into ad valorem tax abatement agreements with businesses pursuant to its tax abatement policy and Texas Tax Code Chapter 311, Texas Tax Code Chapter 312, Texas Local Government Code Chapter 380 and Section 52-a of the State Constitution of Texas. Under its policy, the city may grant ad valorem tax abatements for the purpose of promotion of high quality commercial and industrial development in all parts of the city, and an ongoing improvement of the quality of life of its citizens.

For the fiscal year ended September 30, 2023, the City abated ad valorem taxes totaling \$13,325 as detailed below:

First Year of Abatement	Company	2021 Abated Value	Term of Abatement	Abatement Percentage	Commitment by Recipient
2013	Sandy Creek Energy Asso., LP	\$4,499,944	10 years	35% to 98%	Construct new facility, create 100 jobs on average

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H. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Affiliated Corporations

The City and its affiliated corporations (Riesel Cultural Facilities Corporations, Riesel Education Facilities Corporation and Riesel Health Facilities Development corporation) participate in securing financing mechanisms for various organizations. The City and its affiliated corporations assist these various organizations in securing financing for their respective construction projects. The City and its affiliates are not obligated in any manner for the repayment of the notes payable secured by these organizations. Therefore, the City has not reported any liability in the financial statements for these loans. The City does receive a fee for participating in the conduit financing. The Corporations do not have any prepared financial statements and any conduit revenues received are reported in the General Fund as miscellaneous revenues. For the year ended September 30, 2023, there was no activity and no fees received. Additional information regarding these matters can be obtained from the City Secretary.

I. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Riesel, Texas participates as one of 909 plans in the defined benefit cash-balance pension 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven monthly payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's contributions and interest.

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I. DEFINED BENEFIT PENSION PLANS (continued)

The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death benefits, and disability benefits. Effective January 1, 2002, members are vested after 5 years.

A summary of plan provisions adopted by the City are as follows:

<i>City of Riesel, Texas Plan Provisions</i>	
Employee Deposit Rate	5%
Municipal Current Matching Ratio	1 to 1
Vested Requirement	5 years
Service Retirement Eligibility	Vested and age 60 or 20 years and any age
Updated Service Credit:	
Rate(%)	0.0%
Supplemental Death Benefits:	
Employees	Yes
Retirees	Yes
City Number	1072

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	2
Inactive employees entitled to but not yet receiving benefits	7
Active employees	8
Total	17

Contributions

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

Employees for the City of Riesel were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Riesel were 5.86% and 5.86% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023 were \$26,879 and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

- Inflation 2.50% 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

I. DEFINED BENEFIT PENSION PLANS (continued)

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Rate of Return

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 are summarized in the following table:

Asset Class	Target %
Global Equity	35.00%
Core Fixed Income	6.00%
Non-Core Fixed Income	20.00%
Other Public and Private Markets	12.00%
Real Estate	12.00%
Hedge Funds	5.00%
Private Equity	10.00%
Total	100.00%

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.

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I. DEFINED BENEFIT PENSION PLANS (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 634,568	\$ 546,832	\$ 87,736
Changes for the year:			
Service cost	24,114	-	24,114
Interest (on the Total Pension Liability)	43,427	-	43,427
Difference between expected and actual experience	(62)	-	(62)
Change in assumptions	-	-	-
Contributions - employer	-	23,241	(23,241)
Contributions - employee	-	19,830	(19,830)
Net investment income	-	(40,077)	40,077
Benefit payments, including refunds of employee contributions	(6,518)	(6,518)	-
Administrative expense	-	(345)	345
Other changes	-	411	(411)
Net changes	60,961	(3,458)	64,419
Balance at 12/31/2022	<u>\$ 695,529</u>	<u>\$ 543,374</u>	<u>\$ 152,155</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 256,644	\$ 152,155	\$ 66,023

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in fiduciary Net Position, by Participating City. That report may be obtained on the Internet at www.tnrs.com.

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

For the year ended September 30, 2023, the city recognized pension expense of \$19,114.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,489	\$ 2,808
Changes in actuarial assumptions	-	781
Difference between projected and actual investment earnings	61,590	24,755
Contributions subsequent to the measurement date	20,573	-
Total	<u>\$ 83,652</u>	<u>\$ 28,344</u>

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I. DEFINED BENEFIT PENSION PLANS (continued)

The \$20,573 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense is as follows:

Year ended December 31,	Net Deferred Outflows / (Inflows) of Resources
2023	\$ 2,454
2024	8,450
2025	8,956
2026	14,877
2027	(2)
Thereafter	-
	\$ 34,735

J. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City also voluntarily participates in the single-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.

Benefits Provided

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	8
Total	12

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.18% for 2020 and 0.19% for 2021, of which 0.04% and 0.11% represented the retiree-only portion for each year, respectively, as a percentage of annual covered payroll. 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 SDBF for the years ended September 30, 2022 and 2023 were \$694 and \$1,458, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Net OPEB Liability

The City's net OPEB liability of \$20,332 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

CITY OF RIESEL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

J. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial assumptions

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

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

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

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

Discount Rate

The discount rate used to measure the net OPEB liability was 4.05%. The changes in the total OPEB Liability for the year ended December 31, 2022 were as follows:

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2021	\$ 28,584
Changes for the year:	
Service cost	1,229
Interest (on the Total OPEB Liability)	533
Differences between expected and actual experience	525
Changes in assumptions or other inputs	(10,063)
Benefit payments, including refunds of employee contributions	(476)
Net changes	(8,252)
Balance at 12/31/2022	\$ 20,332

CITY OF RIESEL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

**DRAFT
 FOR DISCUSSION
 PURPOSES ONLY**

J. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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

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

	1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Total OPEB liability	\$ 24,203	\$ 20,332	\$ 17,278

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

For the year ended September 30, 2023, the city recognized OPEB expense of \$1,409.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 551
Changes in actuarial assumptions	-	4,277
Contributions subsequent to the measurement date	1,264	-
Total	\$ 1,264	\$ 4,828

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense is as follows:

Year ended December 31,	Net Deferred Outflows/(Inflows) of Resources
2023	\$ (353)
2024	(392)
2025	(541)
2026	(764)
2027	(850)
Thereafter	(1,928)
	\$ (4,828)

K. SUBSEQUENT EVENTS

Subsequent events were evaluated for possible adjustment to the financial statements or disclosure through May 14, 2024, the date which the financial statements were available to be issued.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIESEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	Original Budget	Final Budget	Actual Results	Variance with Final Budget Positive/(Negative)
REVENUES:				
Property Taxes	\$ 250,225	\$ 250,225	\$ 249,141	\$ (1,084)
General Sales and Use Taxes	137,623	137,623	167,711	30,088
Franchise and Other Taxes	57,000	57,000	60,279	3,279
Charges for Services	6,000	6,000	27,920	21,920
Fines	780,000	780,000	665,432	(114,568)
Investment Earnings	12,000	12,000	10,834	(1,166)
Miscellaneous Revenue	-	-	9,178	9,178
Payment in Lieu of Taxes	-	-	125,000	125,000
Total Revenues	<u>1,242,848</u>	<u>1,242,848</u>	<u>1,315,495</u>	<u>72,647</u>
EXPENDITURES:				
Administration	298,635	298,635	256,359	42,276
Judicial	349,949	349,949	304,029	45,920
Public Safety	380,434	380,434	352,925	27,509
Public Works	262,330	262,330	191,462	70,868
Debt Service	-	-	-	-
Capital Outlay	332,500	332,500	125,539	206,961
Total Expenditures	<u>1,623,848</u>	<u>1,623,848</u>	<u>1,230,314</u>	<u>393,534</u>
OTHER FINANCING SOURCES (USES):				
Grants and Donations	1,000	1,000	-	(1,000)
Fund Appropriations	380,000	380,000	-	(380,000)
Total Other Financing Sources (Uses):	<u>381,000</u>	<u>381,000</u>	<u>-</u>	<u>(381,000)</u>
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,181</u>	<u>\$ 85,181</u>

CITY OF RIESEL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

NOTE 1 - BUDGETARY INFORMATION

The governmental fund financial statements of the City are reported using the current financial resources measurement and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and capital outlays are recorded when payment is made.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2023, no expenditures exceed appropriations in the General Fund:

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

DRAFT
FOR DISCUSSION
PURPOSES ONLY

Plan Year	2014	2015	2016
A. Total pension liability			
Service Cost	\$ 16,149	\$ 18,991	\$ 21,662
Interest (on the Total Pension Liability)	20,557	22,521	25,187
Changes of benefit terms	-	-	-
Difference between expected and actual experience	732	548	3,658
Change of assumptions	-	17,535	-
Benefit payments, including refunds of employee contributions	(8,325)	(13,291)	(5,743)
Net Change in Total Pension Liability	29,113	46,304	44,764
Total Pension Liability - Beginning	289,760	318,873	365,177
Total Pension Liability - Ending (a)	\$ 318,873	\$ 365,177	\$ 409,941
B. Plan Fiduciary Net Position			
Contributions - Employer	\$ 13,696	\$ 15,850	\$ 17,848
Contributions - Employee	14,063	14,953	16,022
Net Investment Income	8,683	265	13,357
Benefit payments, including refunds of employee contributions	(8,325)	(13,291)	(5,743)
Administrative Expense	(91)	(162)	(151)
Other	(7)	(7)	(8)
Net Change in Plan Fiduciary Net Position	28,019	17,608	41,325
Plan Fiduciary Net Position - Beginning	151,674	179,693	197,301
Plan Fiduciary Net Position - Ending (b)	\$ 179,693	\$ 197,301	\$ 238,626
C. Net Pension Liability - Ending (c) (a - b)	\$ 139,180	\$ 167,876	\$ 171,315
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability (b/a)	56.35%	54.03%	58.21%
E. Covered Employee Payroll (e)	\$ 281,268	\$ 299,065	\$ 320,439
F. Net Pension Liability as a Percentage of Covered Employee Payroll (c/e)	49.48%	56.13%	53.46%

Notes to Schedule:

GASB 68 requires 10 fiscal years of data to be provided in this schedule, but information prior to 2014 is not available. The City will be required to build this schedule over the next 10-year period.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

	2017	2018	2019	2020	2021	2022
\$	21,173	\$ 21,473	\$ 21,947	\$ 20,815	\$ 21,740	\$ 24,114
	27,986	30,860	33,667	37,128	40,221	43,427
	-	-	-	-	-	-
	2,433	(4,458)	5,745	(40)	(3,122)	(62)
	-	-	(3,013)	-	-	-
	(11,828)	(6,518)	(6,518)	(6,518)	(18,546)	(6,518)
	39,764	41,357	51,828	51,385	40,293	60,961
	409,941	449,705	491,062	542,890	594,275	634,568
\$	449,705	\$ 491,062	\$ 542,890	\$ 594,275	\$ 634,568	\$ 695,529
\$	22,204	\$ 21,433	\$ 21,550	\$ 20,119	\$ 20,442	\$ 23,241
	17,020	17,289	18,019	17,259	18,027	19,830
	33,138	(8,973)	49,932	30,820	60,994	(40,077)
	(11,828)	(6,518)	(6,518)	(6,518)	(18,546)	(6,518)
	(171)	(173)	(281)	(199)	(281)	(345)
	(9)	(10)	(9)	(8)	2	411
	60,354	23,048	82,693	61,473	80,638	(3,458)
	238,626	298,980	322,028	404,721	466,194	546,832
\$	298,980	\$ 322,028	\$ 404,721	\$ 466,194	\$ 546,832	\$ 543,374
\$	150,725	\$ 169,034	\$ 138,169	\$ 128,081	\$ 87,736	\$ 152,155
	66.48%	65.58%	74.55%	78.45%	86.17%	78.12%
\$	340,409	\$ 345,773	\$ 360,375	\$ 345,185	\$ 360,539	\$ 396,606
	44.28%	48.89%	38.34%	37.11%	24.33%	38.36%

CITY OF RIESEL, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS - TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

Fiscal Year Ended September 30,	2015	2016	2017
Actuarially Determined Contributions	\$ 15,203	\$ 17,991	\$ 21,358
Contributions in relation to the actuarially determined contributions	15,203	17,991	21,358
Contribution deficiency (excess)	-	-	-
Covered employee payroll	\$ 293,122	\$ 327,034	\$ 337,541
Contributions as a percentage of covered employee payroll	5.19%	5.50%	6.33%

NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS

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	13 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year. GASB 68 requires ten years of data to be presented in this schedule, but data prior to 2015 is not available. This schedule will be built to show the remaining reporting requirement.

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

	2018		2019		2020		2021		2022		2023
\$	21,985	\$	21,365	\$	19,534	\$	20,678	\$	22,131	\$	26,879
	21,985		21,365		19,534		20,678		21,964		26,879
	-		-		-		-		167		-
\$	350,117	\$	354,510	\$	332,970	\$	362,062	\$	380,642	\$	458,694
	6.28%		6.03%		5.87%		5.71%		5.77%		5.86%

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

DRAFT
FOR DISCUSSION
PURPOSES ONLY

	Plan Year Ended December 31,					
	2017	2018	2019	2020	2021	2022
Changes in the Total OPEB Liability						
Changes for the year:						
Service Costs	\$ 511	\$ 622	\$ 468	\$ 656	\$ 1,190	\$ 1,229
Interest on Total OPEB Liability	613	631	697	637	540	533
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	225	(571)	(1,051)	(214)	525
Changes in assumptions or other inputs	1,729	(1,584)	3,807	3,630	841	(10,063)
Benefit payments*	(68)	(69)	(108)	(138)	(397)	(476)
Net changes	2,785	(175)	4,293	3,734	1,960	(8,252)
Total OPEB Liability - beginning of year	15,987	18,772	18,597	22,890	26,624	28,584
Total OPEB Liability - end of year	<u>\$ 18,772</u>	<u>\$ 18,597</u>	<u>\$ 22,890</u>	<u>\$ 26,624</u>	<u>\$ 28,584</u>	<u>\$ 20,332</u>

Covered Employee Payroll	\$ 340,409	\$ 345,773	\$ 360,375	\$ 345,185	\$ 360,539	\$ 396,606
Total OPEB Liability as a percentage of Covered Employee Payroll	5.51%	5.38%	6.35%	7.71%	7.93%	5.13%

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

Notes to Schedule:
 GASB 75 requires 10 fiscal years of data to be provided in this schedule, but information prior to 2017 is not available. The City will be required to build this schedule over the next 10-year period.

CITY OF RIESEL, TEXAS
 SCHEDULE OF OPEB CONTRIBUTIONS - TEXAS MUNICIPAL RETIREMENT SYSTEM
 SEPTEMBER 30, 2023

DRAFT
FOR DISCUSSION
PURPOSES ONLY

Plan Year	2018	2019	2020	2021	2022	2023
Actuarially Determined Contributions	\$ 625	\$ 524	\$ 575	\$ 679	\$ 694	\$ 1,458
Contributions in relation to the actuarially determined contributions	625	524	575	679	694	1,458
Contribution deficiency (excess)	-	-	-	-	-	-
Covered employee payroll	\$ 350,117	\$ 350,117	\$ 332,970	\$ 362,062	\$ 380,642	\$ 458,694
Contributions as a percentage of covered employee payroll	0.18%	0.15%	0.17%	0.19%	0.18%	0.32%

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expense are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disables retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

Notes
 There were no benefit changes during the year. GASB 75 requires 10 fiscal years of data to be provided in the schedule. The City will be required to build this schedule over the next 10 years.

DRAFT
FOR DISCUSSION
PURPOSES ONLY

COMPLIANCE / INTERNAL CONTROL

2110 Austin Avenue
Waco, Texas 76701
(254)752-3436
FAX (254)752-3463
<http://www.waco-cpa.com>

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 and
Members of the City Council
City of Riesel, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riesel, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Riesel, Texas basic financial statements, and have issued our report thereon dated May 14, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

**DRAFT
FOR DISCUSSION
PURPOSES ONLY**

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.

Waco, Texas
May 14, 2024



200 West State Highway 6, Suite 620
Waco, TX 76712
o. 254.772.9272 | f. 254.776.2924
TBPE F-1741 | TBPLS 10194115
stvinc.com

MEMORANDUM

MAY 13, 2024

To: City of Riesel
Attn: Alisha Flanary
From: David L. Marek, PE
Cc: FILE

Project: City of Riesel Drainage Improvements
Project No.: CIRI2400500

Alisha,

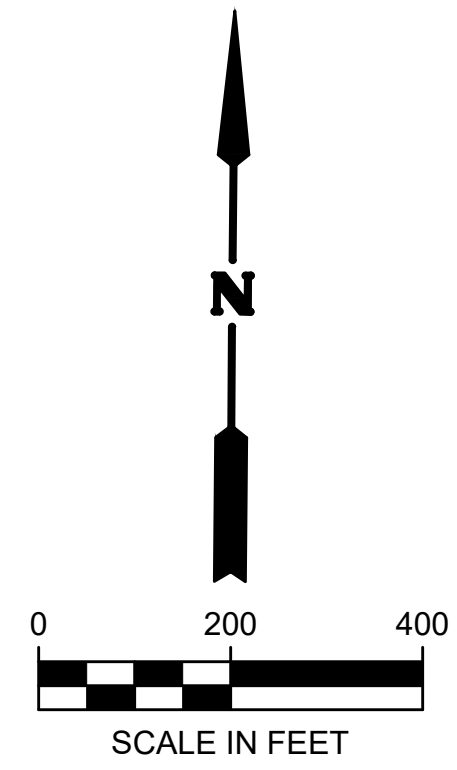
We met with Randy Ehlers last week to review the City's drainage concerns at various locations. Attached, please find an exhibit indicating the locations of the concerns we reviewed. The preponderance of the concerns is located on Edwards and Adams Streets. The drainage issues appear to be undersized culverts and/or roadside channels. In some locations, the grade of the channel is too flat to provide adequate flow, resulting in ponding water.

At South Jena Street, the culvert appears to be undersized creating significant ponding on the upstream side. The downstream drainage is compromised by a very small drainage way between two houses.

We recommend that the City authorize us to develop concept, or 10% level, drainage design plans. To adequately address the situation, at this stage, limited field surveying and property/easement research will be required. At many locations, we need to verify that drainage easements have been obtained or would be needed. We would recommend that the City of Riesel obtain all necessary Rights of Entry (ROE) for the survey services.

The goal of developing the concept level design will be to develop sufficient design solutions in an effort to provide an Opinion of Probable Construction Cost (OPCC). With the OPCC, the City can then decide the next course of action regarding development of the final deliverable, development of bid packages, and schedules for bidding. If the City concurs, we will have our proposal for the Concept Level Drainage Plans submitted by the next City Council meeting.

PRINTED BY: McDouge DATE: 5/1/2024
 FILE PATH: I:\Projects\CIRI2400500 - RIESEL CULVERTS\08_Plans_Drawings\10_Models\05_C\IRI2400500-DRAINAGE STUDY LIMITS.dwg_EXH2



THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF DAVID L. MAREK #63327 ON THE DATE SHOWN ON THE DATE STAMP. IT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES.

NO.	REVISION	BY	DATE

VERIFY SCALE BAR LENGTH EQUALS ONE INCH ON ORIGINAL DRAWING. VERIFY LENGTH ON THIS SHEET AND ADJUST SCALE ACCORDINGLY.

CITY OF RIESEL DRAINAGE STUDY	
STUDY LIMITS	
DESIGN: DLM	SHEET EXH2
DRAWN: ECM	
REVIEW: DLM	
STV: CIRI2400500	
CLIENT:	

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF RIESEL, TEXAS PROVIDING FOR REGULATION OF DRIVEWAYS AND OTHER INSTALLATIONS IN STREET DITCHES; REGULATING CULVERTS AND STREET DITCHES; REQUIRING A PERMIT FOR ANY DRIVEWAY, ROAD, SIDEWALK, OR OTHER SUCH INSTALLATION IN A STREET DITCH, PROVIDING FOR A PERMIT FEE, PROVIDING FOR PLANS, PROVIDING FOR AN INSPECTION, PROVIDING FOR CHANGES IF NEEDED, PROVIDING FOR MINIMUM SIZE OF CULVERTS AND COMPOSITION OF CULVERTS; REQUIRING EXISTING CULVERTS TO BE REPAIRED OR REPLACED WHERE THEY ARE UNDERSIZED, DAMAGED, CRUSHED, SUNKEN, CLOGGED, OR BLOCKED SUCH THAT THEY IMPEDE THE FLOW OF STORMWATER, PROVIDING FOR NOTICE OF NON-FUNCTIONAL CULVERTS AND VIOLATION, PROVIDING FOR A TIME TO COMPLETE REPAIR OR REPLACEMENT, PROVIDING FOR CULVERTS TO BE ADDED TO DRIVEWAYS, SIDEWALKS AND OTHER INSTALLATIONS IN THE STREET DITCH WHERE NONE EXIST, REQUIRING OWNERS AND/OR OCCUPANTS TO KEEP ABUTTING STREET DITCHES CLEAN AND FREE OF WEEDS, TRASH, RUBBISH, OR OTHER MATTERS THAT WOULD IMPEDE THE FLOW OF STORMWATER, PROVIDING FOR NOTICE OF VIOLATION, PROVIDING FOR A TIME FOR COMPLETION OF THE WORK, PROVIDING FOR APPEALS, MAKING VIOLATION OF ANY PROVISION OF THIS ORDINANCE AN OFFENSE (MISDEMEANOR) PUNISHABLE BY A FINE NOT TO EXCEED \$500, MAKING EACH DAY OF VIOLATION A SEPARATE OFFENSE, PROVIDING A SEVERABILITY CLAUSE, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, undersized, clogged, sunken, and/or crushed culverts in street ditches impede the flow of stormwater and cause significant drainage problems;

WHEREAS, driveways, sidewalks, and other crossings of street ditches without culverts cause drainage problems by impeding the flow of stormwater;

WHEREAS, there is a need to regulate both the installation of new crossings of the street ditches and to regulate the existing problems with crossings of the street ditches with an emphasis on culverts or the lack thereof;

WHEREAS, street ditches blocked by weeds, trash, and/or rubbish create drainage problems by impeding the flow of stormwater;

WHEREAS, §311.003 of the *Texas Transportation Code* and the City's general powers authorize the regulation of culverts and ditches and any blockages thereof that impede the flow of stormwater;

WHEREAS, these issues are causing significant drainage problems within the City and leaving ponding/backup of water that serves as a breeding ground for mosquitos, and pushing water onto the property of others; and

WHEREAS, it is in the best interest of the City and its citizens to pass regulations to address these issues.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS THAT:

1. Permit Required, Plans Required, Inspection Required, Minimum Size and Composition of Culverts.

1.01. Permit Required. Prior to any owner or occupant of a property installing or allowing the installation of any driveway, access road or path, or sidewalk across the ditch of a City street, a permit must be obtained from the City. The permit fee is \$200.00. This Section 1 does not apply to Developers regulated by the City's Subdivision Ordinance and building codes.

1.02. Plans Required. To obtain a permit, in addition to paying the permit fee, the owner or occupant must submit plans for the installation involved. The plans do not have to be professionally drafted. The plans must identify the nature of the installation (driveway, sidewalk, etc.), its location, its width, its approximate height from the bottom of the ditch to the traveled surface, what steps will be taken to avoid the installation from impeding the flow of stormwater, and the size and composition of any culvert(s). The plans must be approved by the Utility Superintendent for the permit to issue. Plan approval does not guarantee that adjustments will not be required as set out below.

1.03. Inspection. Except as set forth otherwise herein, once the installation is complete, the owner or occupant shall contact the City to set up an inspection. If as a result of the inspection the installation is found more likely than not to impede the flow of stormwater as constructed, adjustments to the installation will be required. The owner or occupant will have thirty (30) days to make any required adjustments.

For proposed concrete driveways, the inspection must be requested when the culvert has been set (before concrete has been poured to cover the culvert). Changes may be required by the Utility Superintendent.

1.04. Minimum Size and Composition of Culverts. Unless after review of the plans the Utility Superintendent requires a larger or smaller culvert based on expected stormwater flow and the height of the installation crossing the street ditch, the minimum size of driveway or access road culverts shall be 18 inches and the minimum size of any sidewalk or walking path culvert shall be 10 inches. Unless approved otherwise by the Utility Superintendent based on the facts and circumstances, all culverts shall be of metal composition.

2. Existing Non-Functional Culverts, Allowing Existence of Non-Functional Culvert in the Street Ditch a Violation, Required Repairs, Replacements, or Other Work, Time to Complete Work.

2.01. Non-Functional Culverts. Culverts that fail to adequately convey stormwater or that impede the flow of stormwater are Non-Functional Culverts. These include undersized culverts, damaged, crushed, or sunken culverts, and/or clogged or blocked culverts. An owner of property

violates this Ordinance if they allow the existence of a Non-Functional Culvert in the street ditch abutting the owner's property.

2.02. Notice to Owner. The City will give notice to the owner of the property abutting the street ditch where a Non-Functional Culvert exists which identifies the problems with the culvert.

2.03. Time for Completion of Work. The required work to correct the problems identified in the notice letter must be completed by 60 days from the date of the notice letter. Extensions may only be granted by the City Council and will not exceed 60 days. No criminal enforcement will take place during the 60 day period or any extension thereto.

2.04. Driveway, Road, Sidewalk, or Other Installation Crossing the Street Ditch without a Culvert.

a.) The owner of a property having a driveway, road, sidewalk, or other installation in a street ditch that does not have a culvert shall be required to install a culvert if the driveway, road, sidewalk, or other installation impedes the flow of stormwater.

b.) The same notice and time for completion provisions in Subsections 2.02. and 2.03. above shall apply to this subsection 2.04.

3. Cleaning of Ditches.

3.01. Obligation to Keep Street Ditches Clean. It is the owner and/or occupants' obligation to keep the street ditch abutting their property reasonably free of weeds, trash, rubbish, and other obstructions to the flow of stormwater.

3.02. Notice. Notice shall be given by the City to the owner and/or occupant of the property in violation and shall explain the work required to fix the violation. The owner and/or occupant shall fix the violation within 30 days of the date of the notice letter.

4. Appeals. An owner or occupant can appeal a determination by the City to the City Council by filing a request for appeal with the City Secretary within five (5) business days of receiving notice of the determination. The City Council will hear the appeal at its earliest convenience. Time for completion of required work will be stayed pending the appeal unless the appellant has requested and received an extension of time to do the work. The City Council may uphold the determination, uphold the determination with modifications, or overrule the determination. The decision of the City Council is final.

5. Violation. A violation of any provision of this Ordinance is an offense (misdemeanor) punishable by a fine not to exceed \$500.00. Each day of violation is a separate offense.

6. Severability Clause. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance shall not be affected thereby, it being the intent of the City

Council in adopting this Ordinance, that no portion hereof, or provision or regulation contained herein, shall become inoperative or fail by reasons of the unconstitutionality or invalidity of any section, subsection, sentence, clause, or phrase or provision of this Ordinance.

7. Effective Date. Adoption of this Ordinance shall take effect immediately from and after its passage and the publication of same or the caption thereof as the law in such cases provides (§52.011, Local Government Code).

PASSED and APPROVED this __ day of _____, 2024.

Mayor
City of Riesel, Texas

Attest:

City Secretary

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF RIESEL, TEXAS PROHIBITING THE USE, SALE, OR POSSESSION OF FIREWORKS WITHIN THE CITY LIMITS OF THE CITY OF RIESEL; DECLARING FIREWORKS A NUISANCE AND PROVIDING FOR SEIZURE AND DESTRUCTION OF FIREWORKS; MAKING VIOLATION AN OFFENSE (MISDEMEANOR) PUNISHABLE BY A FINE NOT TO EXCEED \$500.00; MAKING EACH VIOLATION A SEPARATE OFFENSE; AND PROVIDING FOR A SEVERABILITY CLAUSE AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIESEL, TEXAS THAT:

1. Definitions.

Fireworks. The term "fireworks," as used in this Ordinance, shall mean and include any firecrackers, cannon crackers, skyrockets, torpedoes, roman candles, sparklers, squibs, fire balloons, star shells, gerbs, or any other substance, in whatever combination and by any designated name, intended for use in obtaining visible or audible pyrotechnic display. Such term shall include all articles or substances within the commonly accepted meaning of fireworks, whether herein specially designated and defined or not.

Person. The term "person," as used in this Ordinance, shall mean and include any natural person, association of persons, partnership, corporation or agent or officer of a corporation, and shall also include all warehousemen, common and private carriers, bailees, trustees, receivers, executors and administrators.

2. Fireworks Banned. It shall be unlawful for any person to manufacture, assemble, store, transport, receive, keep, sell, offer, have in his possession, or use, discharge, cause to be discharged, ignite, detonate, fire or otherwise set in action any fireworks of any description within the City limits of the City of Riesel, Texas.

3. Fireworks Declared a Nuisance, Seizure and Destruction. The presence of any fireworks in violation of this Ordinance is hereby declared to be a common and public nuisance. The police are directed and required to seize and cause to be safely destroyed any fireworks found in violation of this Ordinance.

4. Offense and Penalty. Violation of any provision of this Ordinance is an offense (misdemeanor) punishable by a fine not to exceed Five Hundred (\$500.00) Dollars. Each separate violation is a separate offense.

5. Severability Clause. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance, that no portion hereof, or provision or regulation contained herein, shall become inoperative or fail by reasons of the unconstitutionality or invalidity of any section, subsection, sentence, clause, or phrase or provision of this Ordinance.

6. Effective Date. Adoption of this Ordinance shall take effect immediately from and after its passage and the publication of same or the caption thereof as the law in such cases provides (§52.011, Local Government Code).

Passed this ____ day of _____, 2024.

Mayor
City of Riesel, Texas

Attest:

City Secretary